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- *Budget Message of the Governor*
- *Letter of Transmittal of the Director of Finance*
- *Summary Statements*
- *Budget Schedules and Charts*

FROM THE

# CALIFORNIA STATE BUDGET

SUPPORT AND LOCAL ASSISTANCE

CAPITAL OUTLAY

AND

FIVE-YEAR CONSTRUCTION PROGRAM

For the Fiscal Year

July 1, 1968 to June 30, 1969



*Submitted by*

**RONALD REAGAN**

*Governor*

*to the*

**CALIFORNIA LEGISLATURE**

**1968 Regular Session**

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# THE CITY OF NEW YORK

OFFICE OF THE  
COMMISSIONER OF  
THE DEPARTMENT OF  
SOCIETY  
AND PUBLIC WELFARE  
IN THE CITY OF NEW YORK



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IN THE CITY OF NEW YORK





RONALD REAGAN  
GOVERNOR

# State of California

GOVERNOR'S OFFICE  
SACRAMENTO 95814

February 5, 1968

## Budget Message

*To the Senate and Assembly of the Legislature of California:*

In accordance with the provisions of the State Constitution, I submit herewith the budget of the State of California for fiscal year 1968-69.

I want to make my position on fiscal policy absolutely clear at the outset of this message. I do not seek, nor will I support, any increased taxes for Californians in the coming year. Neither will I support the adoption of any program that is beyond the capacity of the State's revenue system to fund in the foreseeable future and which would, in effect, dictate an increase in taxes in the following year.

Total expenditures for 1968-69 are listed at \$5,699,536,034, an increase of \$379,351,028, or 7.1% above the revised 1967-68 budget. These proposed expenditures are financed from three sources: 69% is derived from General Fund revenues, 23% from Special Funds and the remaining 8% from Bond Funds.

Examining these three principal budget categories in reverse order, it should be noted that *Bond Fund* expenditures are projected at \$465,031,711 for a reduction of \$184,788,586, or 28.4% below the revised 1967-68 level. The reasons for this reduction are threefold:

1. Utilization of \$38.5 million of tideland oil revenues for higher education capital outlay;
2. A reduction in the overall State Building Program; and
3. The transfer of our building program for State institutions from bond funds to current revenues.

The level of expenditures projected for *Special Funds* will remain almost unchanged. The projected level for 1968-69 is \$1,336,424,700 and is 0.4% below the estimate for the current year. It should be noted that 43% of the expenditures from Special Funds in 1968-69 will reflect shared revenues collected by the State and returned to local governments for use by them.

The remaining two-thirds of the budget for the coming year is financed from the *General Fund*. These expenditures are projected at \$3,898,079,623 for an increase of \$569,810,193, which is equal to a 17.1% increase above the 1967-68 revised spending level. However, a total of \$216 million of this nearly \$570 million increase will be set aside to provide local property tax relief in the coming year, leaving a balance of \$354 million to finance the added costs of the State government and local support programs for the coming year.

Adjusting for property tax relief, we find the General Fund budget increasing by approximately \$354 million, or 10.6% above the revised budget for 1967-68. It should be noted, that if capital outlay for 1968-69 had not been shifted to pay-as-you-go, then the General Fund increase would have been 8.8%. Included in the \$354 million increase are five items that total \$303 million. These are:

1. Education subventions, up \$69.3 million.
2. Higher education, up \$67.8 million.
3. Medi-Cal, up \$62 million.
4. State employee salaries, up \$57.3 million.
5. Welfare programs, up \$46.6 million.

The remainder for financing the General Fund increase in State operations, after allowing for the foregoing five high-cost items, totals only \$51 million. Therefore, adjustments within and between programs were required in order to strengthen this small margin to meet priority services, growth needs and to provide the base for the conversion to a \$90 million capital outlay pay-as-you-go program.

This, then, is a capsule account of the budget which is presented to you today.

The following paragraphs will offer some pertinent background on our budgeting procedures, emphasize some of our budget proposals and summarize the fiscal challenges facing us for the coming year.

## **Budget Background**

The continued practice of overspending the State's annual revenues and covering yearly deficits by "one-time" tax accelerations during the first half of this decade reached a climax in fiscal year 1966-67. That was the year when the State, in recognition of the fact that it would be spending more money during the year than 12 months of revenue could produce, turned to a full accrual accounting system in order to achieve a balanced budget. In fact, the State Controller's financial statements now show that the State of California in 1966-67 spent \$112 million of its reserves plus \$334 million of revenue collected in the following year in addition to the revenue collected during the normal 12-month period.

Moreover, the adoption of the accrual system depleted the 1966-67 year-end cash operating position to the extent that, for the first time since the depression, the General Fund entered a fiscal year in the red by having to borrow \$194 million. This condition, if it had been permitted to continue, would have violated the constitutional provision prohibiting continued debt without a vote of the people.

It should be recalled that the original budget proposal for 1966-67 contained a request that \$132 million be set aside as a reserve to overcome the obvious detrimental effects of the then-proposed accrual accounting. Unfortunately, this provision was discarded, and until this year, the cash problem remained unsolved along with the greater problem of how to finance a deficit budget after no more "one-time" tax adjustments were available.

In 1967 I asked the Legislature to work with me in solving the State's financial problems, and together we took the initial steps towards reality by tightening up on State expenditures in all departments and by adopting a badly needed tax increase program for 1967-68. This tax program provided funds for five major purposes:

1. To finance the State's current level of expenditures on a realistic basis by providing adequate revenue.
2. To set aside \$194 million in 1967-68 for restoration of the General Fund to a minimum position of cash liquidity following the depletion of this cash position by the advent of accrual accounting.



3. To provide \$216 million for an ongoing property tax relief program in 1968-69.
4. To increase funds for support of local schools by \$145 million, again on a continuing basis.
5. To allocate \$90 million to a pay-as-you-go capital outlay program, thus reversing a long-time trend of piling debt upon debt to provide for the annual needs of state construction.

However, even with these new funds available, there remain some very important financial problems for us to solve.

Last year, we did not legislate an answer to the problem of controlling those major programs which are increasing at a rate much greater than our rate of tax revenue increases. It is obvious that we cannot long continue programs that outpace our revenues without eventual tax increases. Nor can we adopt new programs financed by "one-time" tax windfalls without regard to costs and sources of revenue for ensuing years.

Government has an obligation to look beyond the down payment stage, when it adopts a continuing program.

In answer to this need, I am today asking the Department of Finance, with the cooperation of all State agencies, to prepare five-year forecasts of revenues based upon our existing tax structure and five-year projections of operating costs based upon our existing programs. These projections will be updated annually and will provide the taxpayers of the State, as well as the State government itself, a blueprint of our future commitments. For years our capital outlay budget has been projected on a five-year basis, while our operating and support budgets, which are many times larger than capital outlay, have been routinely considered on a year-to-year and, too often, on a crisis-to-crisis basis.

Also we need a realistic operating reserve to absorb revenue and expenditure fluctuations. Since a drop in General Fund revenue of just 1% would create a fund shortage of almost \$40 million during the next fiscal year, I strongly favor the reestablishment of a reserve figure, equal to at least 2% of our annual General Fund budget, at the earliest possible date. Such action could eliminate the need for emergency program reductions resulting from normal economic fluctuations during a budget year, as well as provide some protection against unforeseen overspending such



as may happen this year in the School Fund, wherein the statutory spending limit exceeds the funded estimates of school apportionments by over \$60 million.

### ***Budget Proposals***

Governments throughout the United States today are feeling the pinch of limited financial resources. The Federal Government is faced with an annual deficit in the magnitude of \$20 billion as well as severe program reductions. In California, our cities and counties are finding it imperative to establish and enforce tough priorities in order to fit their services to their revenues in the coming budget year. At the state level, throughout the Nation, the problem is much the same. Either state spending programs must be controlled or taxes must again be increased. The State of California is confronted with the same predicament, but I am convinced our problems can be solved without imposing additional taxes.

In fact, in keeping with our promise to support property tax relief, later in this Session I will present a plan to reduce property taxes through the application of State revenues.

I firmly believe that we, the Legislature and the Administration, have the joint responsibility to enact a State budget within the limits of existing income. This, however, can be accomplished only through coordinated administrative economies and legislative actions.

The budget I submit today reflects economies in administration and anticipates specific legislative action to control the spiraling costs of Medi-Cal and welfare programs.

In preparing this budget, we were faced with many decisions. Program priorities had to be determined within departments and between departments. Administrative controls, which we adopted last year, were supplemented by further savings as we reexamined each departmental proposal. In our budget hearings and related budget review procedures, all State programs were analyzed in detail. Staffing patterns were challenged, and operating expenses broken down for better scrutiny.

Early in this process, I established certain priorities. One was for higher education. Although revenue limitations preclude granting all that was requested, I am proposing a General Fund operating budget of \$280 million for the University of California

and a corresponding budget of \$224.3 million for the State Colleges. This represents an increase of \$36.6 million for the University, including restoration of the \$20.8 million one-time reduction (Regent's funds) of last year, and an increase of \$27.3 million for the State Colleges. In addition, salary increase funds will add another \$14.1 million to the University budget and \$13.5 million to the State Colleges' budget.

A second priority was salary adjustments for the balance of all California State employees. Here we have set aside a total of \$47.6 million to provide salary increases that will average 5.85%. This is based upon an allowance of 5% for across-the-board increases, as recommended by the State Personnel Board, and 0.85% to be used for equity adjustments. Additionally, \$2.2 million has been reserved for increased salaries for judges and justices in accordance with Sec. 68203 of Government Code.

Due to projected savings in other areas, I am increasing the funding of the Short-Doyle local mental health programs by \$3.6 million in State funds. This will enable us to provide full 75%-25% matching to all counties for the first time, as well as allowing for program expansion.

As I stated earlier, some programs have had to be curtailed in order to provide dollars for areas of greatest need. Although we find we can meet the State's requirements for capital outlay, we do not have the resources to continue granting funds to local public and private hospitals for construction and remodeling. This will in no way affect the Federal allocation to California hospitals, but will require the individual hospitals to provide two-thirds of the project cost in order to qualify for the one-third Federal share.

#### *Medi-Cal and Welfare*

Our projections for the State cost of Medi-Cal during the current year total \$274 million. Unless necessary program changes are adopted, this cost will soar an estimated 46.7% to \$402 million in 1968-69. However, I propose a Medi-Cal budget of \$336 million for next year. This represents an increase of \$62 million or 22.6% over the current year. During this Session, I will request legislation to enable us to administer the program within this limit. We cannot continue to fund a program of this magnitude



and extreme growth rate from a revenue source that is increasing at only 7% to 8% a year.

In the State's welfare program, we also are faced with a serious problem of expansion. State welfare costs are approaching one-half of a billion dollars annually. This year, for example, the State's share of welfare expenditures will reach an estimated \$409,387,600. If left unchecked, this would climb to \$466,048,100 in 1968-69—an increase of 13.8%, or \$56,660,500. However, I propose a welfare budget of \$456,048,100 for next year. This provides an increase of \$46,660,500, or 11.4%. In keeping with the proposed reduction in the rate of welfare spending, I will request specific changes in welfare laws.

### *Budget Summary*

In addition to the curtailments and program augmentations already mentioned, we have provided for other program adjustments and new programs within the limit of existing revenues.

For example, we are making available funds for the creation of a new unit within the Department of Justice to direct the State's fight against organized crime, while at the same time expanding the staff in the Department's Bureau of Narcotic Enforcement.

We are providing funds to meet the needs of a cost-of-living adjustment for retired state employees.

We are boosting our allocation of funds to the counties to help defray the costs of employing public defenders.

We are adding \$3.3 million to our State scholarship program in accordance with Chapter 1659, Statutes of 1967.

From the Motor Vehicle Fund allocation, we will be able to employ 500 new highway patrol officers and support their related costs at an estimated \$7.3 million. In addition, \$1 million has been set aside to continue the work of improving the communications network of our highway patrol system.

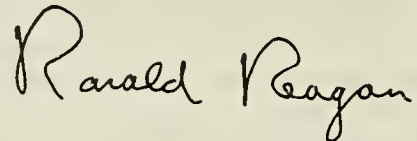
One-half million dollars will be made available for new positions in our Parks and Recreation Department to provide improved maintenance and services in the recreation areas throughout the State.

Although it is not practical at this time to list all of the many detailed proposals contained in this budget, I want to assure you that we are fully dedicated to a continuing analysis of every State

program. Consistent with this policy, we shall take determined administrative action and actively sponsor legislation necessary to fulfill our obligations in those fields where we find the State's greatest need as reflected by our growth and the requirements of our citizens.

Last year, the Legislature and the Administration took those actions which were necessary to restore the state's financial solvency. This year, our tasks will be equally demanding as we adjust expenditures to meet the limits of our tax resources. And, we must jointly develop the basis for progress in our programs of the future.

Therefore, once again I ask the Legislature to join with me in these efforts to provide the State of California with a budget based upon sound fiscal policy and dedicated to providing that balance of public service which will best meet the needs of all of the people of California.

A handwritten signature in dark ink, reading "Ronald Reagan". The signature is written in a cursive, flowing style with a large initial "R".

*Governor*



# Letter of Transmittal

HONORABLE RONALD REAGAN  
*Governor of California*  
*State Capitol*  
*Sacramento, California*

DEAR GOVERNOR REAGAN:

In accordance with Article IV, Section 12, of the State Constitution, the summary statements and detailed schedules for the Budget of the State of California for the fiscal year beginning July 1, 1968, and ending June 30, 1969, are herewith submitted.

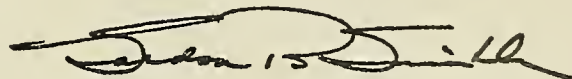
We are continuing the strict economy program which has been a keynote of your Administration. The expenditure program has been held in balance with the revenue program. In setting economy goals, we have asked each department to reduce its appropriation for the 1967-68 fiscal year by the amounts of savings resulting from approved agency staffing plans; further, we have asked each department to absorb the additional costs of merit salary adjustments, price increases, and workload increases if possible. Departments which could not absorb workload increases were asked to distribute the increases to each of the programs and then reduce the least essential programs enough to adjust the total agency requirement to the 1967-68 levels of expenditure. However, those institutions, hospitals and schools which have responsibility for 24-hour care of people were budgeted to meet their workload needs.

Due to problems in timing, occasioned by the publication date for the Budget, the recommendations of the Governor's Survey on Efficiency and Cost Control have been reflected only in part. Also, in recognition of your proposed reorganization, the new Secretary designations, where applicable, are shown in italics at the top of the pertinent Budget pages.

In continuation of our transition to program budgeting, we have added five new departmental program presentations. I hope these prove of as much assistance and find the same wide acceptance as the program budget of the Department of Water Resources, which has been in effect for several years. The new program presentations are for Agriculture, Fish and Game, Motor Vehicles, Real Estate, and Youth Authority.

I wish, again, to express my appreciation for the cooperation demonstrated by all key personnel of the State and to acknowledge my appreciation for the able and dedicated work of the Budget Division in this task.

Respectfully yours,



*Director of Finance*

February 5, 1968





**Schedule 1**  
**GENERAL BUDGET SUMMARY <sup>1</sup>**

**General Fund**

	<i>Reference to Schedule</i>	<i>Actual 1966-67</i>	<i>Estimated 1967-68</i>	<i>Estimated 1968-69</i>
<b>INCOME <sup>2</sup></b>				
Existing revenue program -----	2	\$2,894,868,731	\$3,515,812,223	\$3,869,793,147
<b>EXPENDITURES <sup>3</sup></b>				
State Operations -----	3	\$1,061,521,349	\$1,125,988,666	\$1,268,524,892
Local Assistance -----	3	1,907,160,245	2,162,761,620	2,539,152,511
Capital Outlay -----	3	48,515,839	39,519,144	90,402,220
Total Expenditures -----	3	\$3,017,197,433	\$3,328,269,430	\$3,898,079,623
<b>CURRENT SURPLUS OR DEFICIENCY</b> ----		-\$122,328,702	\$187,542,793	-\$28,286,476
<b>PRIOR YEAR RESOURCES AVAILABLE</b> ---	4	\$171,962,014	\$56,362,347	\$243,905,140
Prior year surplus adjustment -----	4	6,729,035	—	—
<b>ENDING RESOURCES</b> -----		\$56,362,347	\$243,905,140	\$215,618,664
Reserve for working capital -----	4	—	194,000,000	194,000,000
Reserve for unencumbered balances of continu- ing appropriations -----	4	46,903,101	12,166,777	12,269,631
Free surplus -----	4	9,459,246	37,738,363	9,349,033

**Special Funds**

<b>INCOME <sup>2</sup></b>				
Existing revenue program -----	2	\$1,177,669,317	\$1,230,077,988	\$1,270,667,602
<b>EXPENDITURES <sup>3</sup></b>				
State Operations -----	3	\$264,762,475	\$305,492,169	\$339,437,629
Local Assistance -----	3	501,975,153	532,772,903	605,597,439
Capital Outlay -----	3	360,671,691	503,830,207	391,389,632
Total Expenditures -----	3	\$1,127,409,319	\$1,342,095,279	\$1,336,424,700
<b>CURRENT SURPLUS OR DEFICIENCY</b> ----		\$50,259,998	-\$112,017,291	-\$65,757,098
<b>PRIOR YEAR RESOURCES AVAILABLE</b> ---	4	\$306,934,813	\$347,145,109	\$235,127,818
Prior year surplus adjustment -----	4	-10,049,702	—	—
<b>ENDING RESOURCES</b> -----		\$347,145,109	\$235,127,818	\$169,370,720
Reserves -----	4	69,245,842	62,126,518	63,354,012
Free surplus -----	4	277,899,267	173,001,300	106,016,708

<sup>1</sup> The General Budget Summary includes the revenues and expenditures of all state funds and activities that reflect the cost of state government. The transactions involving bond funds, federal funds and other funds are excluded.

<sup>2</sup> Income for the General Fund includes revenues which were originally deposited in a special fund and subsequently transferred to the General Fund, and transfers of surplus from special funds. Such amounts are reduced from special fund revenues.

<sup>3</sup> Outgo from the General Fund includes amounts transferred to special funds and expenditures from special funds are reduced by a like amount.

**Schedule 1-A**

**GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION JUNE 30, 1968**

**RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES**

	1967-68 Governor's Budget Previous Estimate	1968-69 Governor's Budget Revised Estimate	Adjustment of Surplus
<b>1966-67 Fiscal Year</b>			
Income (Revenue and Transfers).....	\$2,625,575,787	\$2,894,868,731	\$269,292,944
Adjustment from cash to accrual excluding personal income tax.....	262,486,642		-262,486,642
Subtotal Revenue and Transfers.....	\$2,888,062,429	\$2,894,868,731	\$6,806,302
Outgo (Expenditures and Transfers)			
State Operations.....	\$1,069,596,378	\$1,061,521,349	\$8,075,029
Local Assistance.....	1,887,217,325	1,907,160,245	-19,942,920
Capital Outlay.....	60,436,638	48,515,839	11,920,799
Subtotal Expenditures and Transfers.....	*\$3,017,250,341	\$3,017,197,433	\$52,908
Prior year surplus adjustments.....		\$6,729,035	\$6,729,035
<b>1967-68 Fiscal Year</b>			
Income (Revenue and Transfers).....	\$2,720,359,096	\$3,515,812,223	\$795,453,127
New Tax Program Cash Basis and Accrued Revenue.....	269,789,285		-269,789,285
Subtotal Revenue and Transfers.....	\$2,990,148,381	\$3,515,812,223	\$525,663,842
Outgo (Expenditures and Transfers)			
State Operations.....	\$989,002,598	\$1,125,988,666	-\$136,986,068
Local Assistance.....	1,978,110,427	2,162,761,620	-184,651,193
Capital Outlay.....	23,035,356	39,519,144	-16,483,788
Subtotal Expenditures and Transfers.....	<sup>b</sup> \$2,990,148,381	\$3,328,269,430	-\$338,121,049
Reserve for working capital.....		\$194,000,000	-\$194,000,000
Reserve for unencumbered balances of continuing appropriations.....	\$11,727,619	\$12,166,777	-\$439,158
EFFECT OF REVISED ESTIMATES AS REPORTED IN THE 1968-69 GOVERNOR'S BUDGET.....			\$6,691,880
GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION, June 30, 1968, as estimated in the 1967-68 Budget.....			\$31,046,483
GENERAL FUND SURPLUS AVAILABLE FOR APPROPRIATION, June 30, 1968, as estimated in the 1968-69 Budget.....			\$37,738,363
	1967-68 Governor's Budget		
<sup>a</sup> Refer to Schedule 1, Page xiv, Capital Outlay Budget.....	\$42,808,209		
Schedule 2-A, Page A-30.....	18,304,312		
Schedule 3, Page A-42.....	2,956,137,820		
	*\$3,017,250,341		
<sup>b</sup> Refer to Schedule 1, Page xiv, Capital Outlay Budget.....	\$6,474,683		
Schedule 2-A, Page A-30.....	3,112,820		
Schedule 3, Page A-42.....	2,980,560,878		
	<sup>b</sup> \$2,990,148,381		



**Schedule 1-B**  
**GENERAL FUND**  
**STATEMENT OF FINANCIAL CONDITION <sup>a</sup>**  
**JUNE 30, 1967**

ASSETS		LIABILITIES	
Cash:		Accounts Payable	
In State Treasury	\$35,505,441	State Operations	\$72,460,204
In Agency Accounts	36,586,924	Capital Outlay	9,857,637
		Local Assistance	186,807,942
Accounts Receivable—Current			
Abatements and Reimbursements	\$55,199,094		
Revenue	351,369,103	Due to Other Funds	\$195,460,045
Due from Other Funds	19,503,423	Prepayments from Other Funds	3,164,061
Due from Local Governments	2,711,615	Other Liabilities	6,237,785
Other Current Accounts Receivable	532,526		
		Total Liabilities	\$473,987,674
Accounts Receivable—Deferred			
Revenue	\$52,622,530		
Due from Other Funds	7,018,307	RESERVES	
Interfund Building Loans	9,750,099	Uncleared Collections	\$3,139,072
Due from Local Governments	2,531,260	Unencumbered Balance of Continuing Appropriations	46,903,101
Other Deferred Accounts Receivable	11,121,840		
		Total Reserves	\$50,042,173
Total	\$83,044,036		
Less: Reserve for Deferred Accounts Receivable	—\$83,044,036		
Deferred Charges		SURPLUS	
Advances to Counties for Social Welfare	\$28,449,114	Unrestricted Surplus	\$9,459,246
Prepayments to Other Funds	2,862,310		
Other Deferred Charges	769,543	TOTAL LIABILITIES, RESERVES AND SURPLUS	\$533,489,093
TOTAL OPERATING ASSETS	32,080,967	State's Investment in Capital Assets	\$1,300,474,118
General Fund Assets	\$533,489,093	General Obligation Bonds	\$4,265,915,000
Land, Improvements and Equipment	1,300,474,118	Less: Self-Liquidating Bonds	—2,138,915,000
Amount to be Provided for Retirement of Long-Term Obligations			
Amount Available in Dedicated Funds	80,500	Net General Bonded Debt	\$2,127,000,000
Amount to be provided from Future Revenue and School Districts	2,916,162,140	Interest Payable in Future Years	789,242,640
Total Amount Available and to be Provided	\$2,916,242,640	Net Total Long-term Obligations	\$2,916,242,640

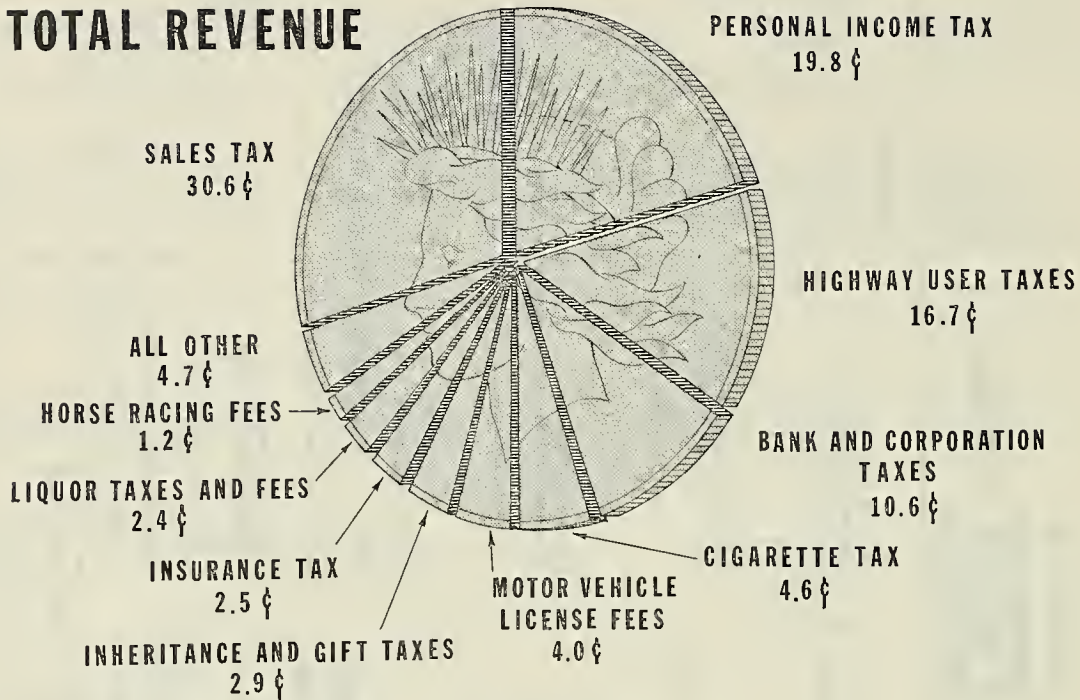
<sup>a</sup> The data reported in this statement is reported in the State Controllers' report for the fiscal year July 1, 1966 to June 30, 1967.

CHART 1

# REVENUE DOLLARS

1968-69 FISCAL YEAR

## TOTAL REVENUE



## GENERAL FUND REVENUE

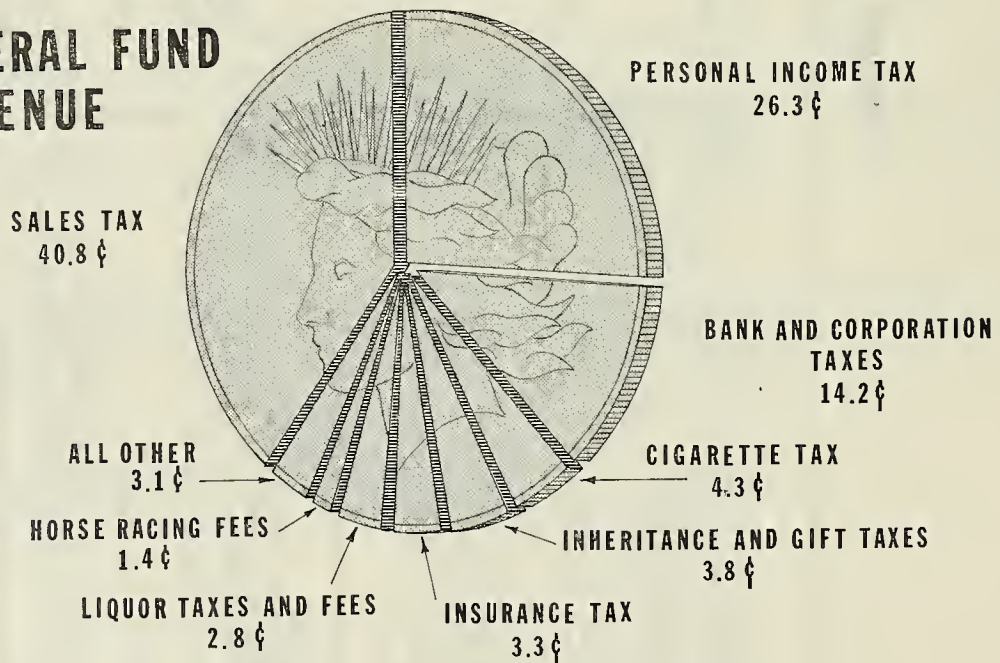
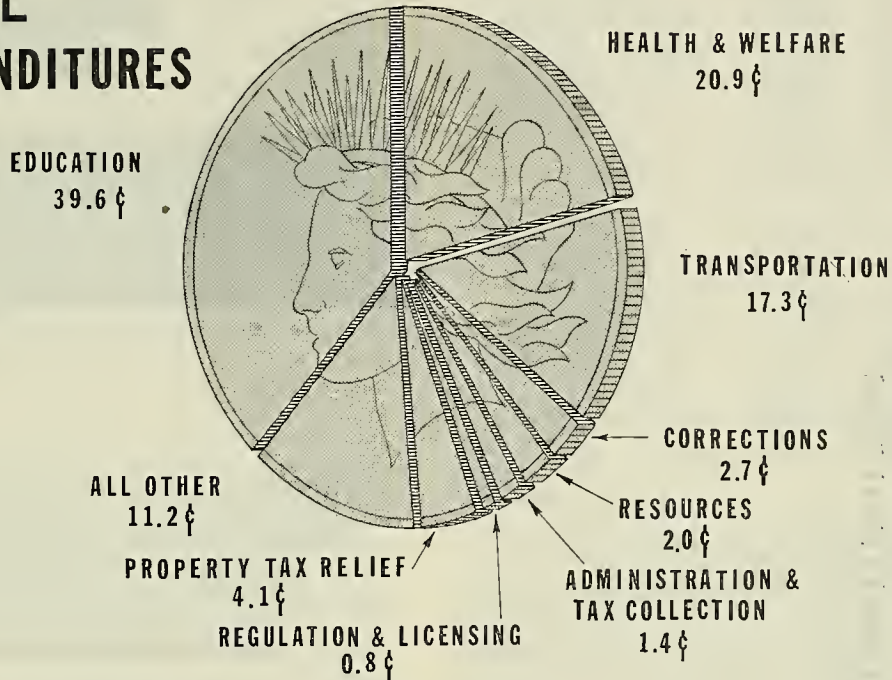


CHART 2

# EXPENDITURE DOLLARS

1968-69 FISCAL YEAR

## TOTAL EXPENDITURES



## GENERAL FUND EXPENDITURES

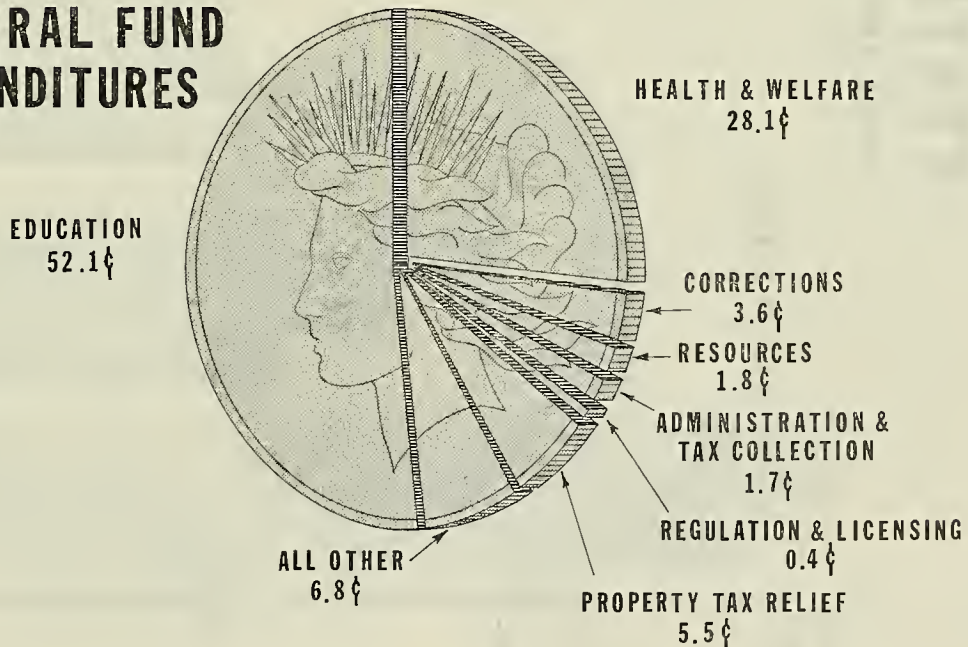
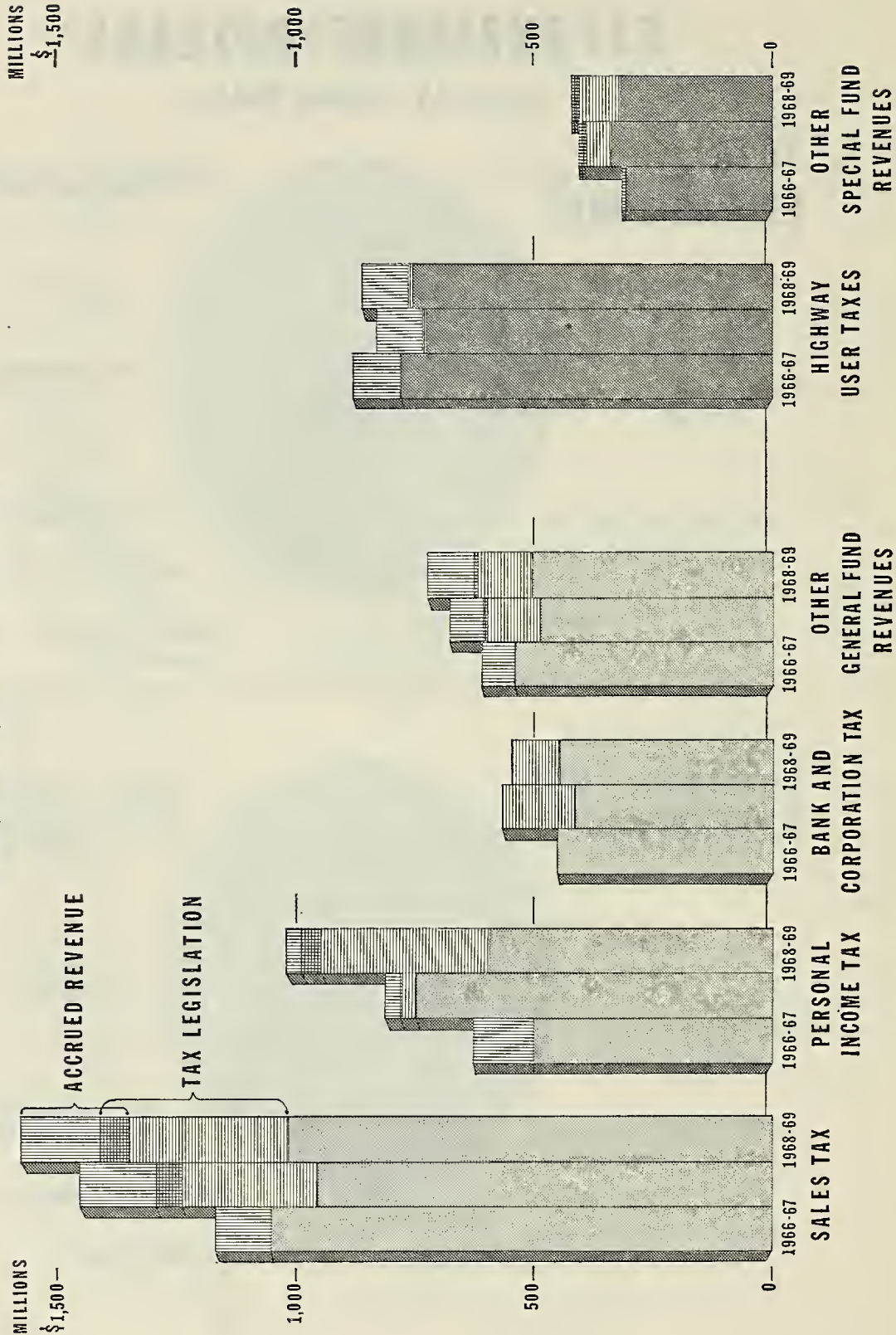




CHART 3

# STATE REVENUE

1966-67, 1967-68, 1968-69 FISCAL YEARS



# Revenue Estimates

State revenue during the 1968-69 fiscal year is expected to total \$5,139,710,749, approximately \$400 million greater than anticipated for the current year and \$1 billion more than the total for 1966-67. Legislation adopted in 1966 provided that state revenue should be reported on an accrual basis, including amounts due as of June 30th but collected after the close of the fiscal year. Consequently, adjustments made as of June 30, 1967, added almost \$435 million to 1966-67 revenue receipts. Conforming to this policy, estimates for 1967-68 and 1968-69 as reported in this budget have been prepared on that basis. The accrual adjustment of June 30, 1967, and the tax changes enacted last year, but effective for only part of 1967-68, have affected receipts to such an extent that the revenue totals in none of the three years shown in the budget is strictly comparable with the others.

Generally, tax yields tend to follow the changes in economic activity in this state and in the nation, although current and anticipated patterns have been obscured by the changes in accounting practice and tax laws. However, much of the increase in tax yield is due to the higher level of economic activity anticipated for the budget period. Among the factors contributing to the estimated revenue gain are: gross national product of \$843.5 billion in 1968, up 7.4 percent over last year; personal income of \$668 billion, 6.7 percent over 1967; and corporate profits of \$86 billion, 7 percent higher than last year. Comparable data for California show personal income of \$74.4 billion, up 7 percent, and corporate profits attributable to California of \$6.9 billion, up 7.6 percent. These and other assumptions underlying the revenue estimates are discussed in a subsequent section and are shown in Table 5.

Revenue for the General Fund in the budget year is expected to reach \$3,863,595,000,\* or \$354 million more than is anticipated for the current year and \$981 million more than reported for 1966-67. The distortion in receipts is clearly apparent in General Fund figures. Had there been neither accrual of revenue nor tax changes, the increase in collections between fiscal 1967 and the current year would have been less than \$100 million and the increase between the current year and 1968-69 would have been about \$180 million.

Receipts for the special funds are estimated to total \$1,276,115,000, or \$44 million more than the current year and \$86 million more than received in 1966-67, which include an adjustment of \$100,901,000 for the conversion to accrual accounting. In addition, substantial oil revenue was diverted from the General Fund to the Capital Outlay Fund for Public Higher Education by 1966 legislation. This money was shown as General Fund revenue in 1966-67.

Receipts for the General Fund and special funds for fiscal 1967, the current year and the budget period are shown in Table 1.

\* This and subsequent dollar amounts have been rounded. Totals, differences and percentages have been computed from whole numbers.

Table 1  
STATE REVENUE COLLECTIONS  
(In millions)

	1966-67 Actual	1967-68 Esti- mated	1968-69 Esti- mated	1968-69 Percent of Total
<i>Taxes, fees, etc.</i>				
General Fund:				
Sales and use .....	\$1,190.7	\$1,451.0	\$1,574.5	30.6
Personal income .....	626.7	810.0	1,018.0	19.8
Bank and corporation ..	453.3	570.0	548.0	10.6
Cigarette .....	78.2	156.7	166.5	3.2
Inheritance and gift ....	141.9	132.0	147.7	2.9
Insurance .....	131.2	117.2	126.6	2.5
Alcoholic beverage .....	83.1	101.5	109.1	2.2
Horse racing .....	39.3	49.3	52.6	1.0
Other sources .....	138.0	121.9	120.6	2.4
Totals, General Fund....	\$2,882.4	\$3,509.5	\$3,863.6	75.2
Special Funds:				
Motor Vehicle:				
Fuels .....	643.7	575.5	593.6	11.5
Registration, weight ..	212.7	233.8	245.2	4.8
License (in lieu tax) ..	192.3	198.0	204.0	4.0
Transportation .....	21.0	19.1	20.6	0.4
Cigarette .....	-	59.9	71.4	1.4
Alcoholic beverage .....	11.6	11.6	12.3	0.2
Horse racing .....	10.0	8.6	9.0	0.2
Other .....	98.8	125.8	119.9	2.3
Totals, Special funds....	\$1,190.2	\$1,232.4	\$1,276.1	24.8
Grand Totals .....	\$4,072.5	\$4,741.9	\$5,139.7	100.0

## Revised Estimates

Last year's budget showed total estimated revenue on an accrual basis of \$3,907,385,000 for 1967-68, of which \$2,725,889,000 was for the General Fund and \$1,181,496,000 for special funds. Shortly after the budget was submitted, the Governor recommended a tax program to produce additional General Fund revenues of \$946 million. Several changes were made during the legislative process and, as enacted, the program was estimated to produce \$933.3 million. Other legislation, principally the correction of an inappropriate accrual of certain personal income tax money, had the net effect of reducing General Fund revenues by \$97,296,000.

The current budget shows a revised total of \$3,509,541,000 for the General Fund, or \$52,352,000 below the estimates presented last January after adjustment for legislation. The original estimates of income and other economic factors which influence revenue yield proved to be slightly high and the revised estimates reflect this change. The largest revision occurred in the sales tax where a smaller growth in personal income and a higher savings ratio contributed to a lower yield. Inheritance and gift tax collections failed to reach earlier expectations, but some of the shortage may be due to slower collections as present high interest rates make the 5 percent discount for early payment less attractive. Subsequent receipts from this source should improve.

It should be noted that much of this shortfall had been recognized by May 1967, when a revised estimate for the General Fund was submitted to the Legislature indicating that revenue from existing sources and the proposed program would be \$44.1 million below the earlier estimate.

Other factors were a disappointing volume of collections from the floor tax on stocks of cigarettes and



distilled spirits in the hands of dealers when the rate increases became effective. These were proportionately much lower than the receipts under similar taxes in earlier years. Also, indications are that the new horse racing schedule will produce less additional revenue than had been expected at the time the changes were enacted.

Special fund receipts for 1967-68 are now estimated to total \$1,232,390,000, or \$14,502,000 below the budget estimate of last year, corrected for legislation. Most of the decrease results from a lower number of vehicle registrations, which is contributing to lower fuel tax collections, registration fees and in-lieu taxes. Again, receipts from the cigarette tax on dealer inventories were less than anticipated.

A summary of the original forecasts, adjusted for legislation, and the estimates shown in this budget are given in Table 2.

Table 2  
COMPARISON OF ORIGINAL AND REVISED  
ESTIMATES OF STATE REVENUE 1967-68  
(In millions)

Taxes, fees, etc.	Original *	Revised	Changes	
			Amount	Percent
Alcoholic beverage	\$118.1	\$113.1	-\$4.9	-4.2
Bank and corporation	578.1	570.0	-8.1	-1.4
Cigarette	224.8	216.6	-8.2	-3.6
Horse racing	66.2	57.9	-8.3	-12.5
Inheritance and gift	145.4	132.0	-13.3	-9.2
Insurance	117.3	117.2	-0.1	-0.1
Motor Vehicle:				
Fuel	578.0	575.5	-2.5	-0.4
License (in lieu)	203.0	198.0	-5.0	-2.5
Registration, weight	237.5	233.8	-3.7	-1.6
Transportation	19.9	19.1	-0.8	-4.1
Personal income	803.8	810.0	6.2	0.8
Private car	2.7	2.9	0.2	8.6
Sales and use	1,471.5	1,451.0	-20.5	-1.4
Total Taxes	\$4,566.1	\$4,497.2	-\$68.9	-1.5
Other revenue	242.6	244.7	2.1	0.9
Total Revenue	\$4,808.8	\$4,741.9	-\$66.9	-1.4
General Fund	3,561.9	3,509.5	-52.4	-1.5
Special funds	1,246.9	1,232.4	-14.5	-1.2

\*Adjusted for legislation adopted at the 1967 session.

### Revenue Accruals

As indicated earlier, the adoption of accrual accounting affects the comparability of revenue receipts for the three years reported in this budget. As of June 30, 1967, the State Controller made lump sum adjustments to reflect revenue earned by the state but not yet received. Generally, these represented amounts due the state for transactions completed prior to June 30, where tax returns were filed after that date. Also included were accounts receivable at the end of the fiscal year, adjusted where necessary by allowances for estimated uncollectibles. The net effect of adding these year-end adjustments to cash revenue is shown in Table 3. The effect of this change in accounting practice was to include more than a year's revenue in the 1966-67 fiscal year.

The sum of \$100.3 million was included in the accrual adjustments to the personal income tax by Chapter 155, Statutes of 1966, First Extraordinary Session. After reconsideration, the 1967 Legislature directed that the entry be reversed. Since the corrective measure did not become effective until November, the change was made in the 1967-68 fiscal year revenue estimates.

Adoption of the accrual principle also has the effect of recording growth in receipts earlier than would

occur under the cash basis. As a consequence, accrued revenues tend to be somewhat greater than cash receipts. In 1967-68, this growth factor is compounded by the accruals under the higher tax rates.

Table 3  
ADJUSTMENTS TO ACCRUE REVENUES  
(In millions)

	Cash basis	Accrual adjustment	Accrued revenues
1966-67 Fiscal Year			
Alcoholic beverage	\$88.3	\$6.4	\$94.7
Bank and corporation	453.3	-	453.3
Cigarette	75.6	2.6	78.2
Horse racing	49.3	-	49.3
Inheritance and gift	114.4	27.5	141.9
Insurance	107.2	24.0	131.2
Motor Vehicle:			
Fuel	548.3	95.4	643.7
License (in lieu)	192.3	-	192.3
Registration, weight	212.7	-	212.7
Transportation	18.3	2.7	21.0
Personal income	500.1	126.6	626.7
Private car	2.5	-	2.5
Sales and use	1,053.2	137.5	1,190.7
Total Taxes	\$3,415.6	\$422.7	\$3,838.3
Other revenue	222.2	12.1	234.2
Total Revenue	\$3,637.7	\$434.8	\$4,072.5
General Fund	2,548.5	333.9	2,882.4
Special funds	1,089.3	100.9	1,190.2
1967-68 Fiscal Year			
	General Fund	Special Fund	Total
Cash receipts	\$3,489.9	\$1,226.3	\$4,716.2
Less accruals June 30, 1967	333.9	100.9	434.8
Plus accruals June 30, 1968	353.6	107.0	460.6
Accrued Revenue	\$3,509.5	\$1,232.4	\$4,741.9
1968-69 Fiscal Year			
Cash receipts	\$3,837.4	\$1,274.3	\$5,111.7
Less accruals June 30, 1968	353.6	107.0	460.6
Plus accruals June 30, 1969	379.8	108.8	488.6
Accrued Revenue	\$3,863.6	\$1,276.1	\$5,139.7

### 1967 Tax Legislation

Due to inadequate financing, General Fund expenditures in fiscal 1966-67 exceeded cash receipts by \$386 million, exhausting the beginning surplus and depleting resources so sharply that the state was forced to start the 1967-68 fiscal year with a cash deficit of about \$200 million. To cover this deficit and provide additional revenue for the ensuing year, the Administration proposed a tax program which was enacted with minor modifications. This program, together with other measures approved during the last session of the Legislature, should produce \$894 million in additional revenue for 1967-68 and \$1,096 million in the budget year. Of these amounts \$56.0 million in 1967-68 and \$71.4 million in 1968-69 will be collected for and subsequently returned to local governments as their share of the increase in the excise tax on cigarettes.

Most of the additional revenue from the tax program will come from two sources—the personal income tax and the sales tax. Changes in the former include a substitution of tax credits for personal exemptions, a narrowing of the tax brackets and an increase in rates to a maximum of 10 percent on taxable income above \$14,000 for a single individual, \$15,000 for head of household and \$28,000 for a married couple.



The state sales tax rate was increased from 3 to 4 percent,\* effective August 1, 1967. A subsequent bill excluded from the tax increase any sales or use of materials by a contractor on a contract signed prior to the change in tax rate.

Another important feature of the 1967 legislation was an increase of 1.5 percent in the tax on banks and other corporations, effective on income earned after December 31, 1966. An additional prepayment of 25 percent on tax liabilities under this levy was required. Another measure enacted last year excluded unitary intercompany dividends from the tax base.

The cigarette tax rate was raised in two steps (August 1 and October 1) from the former rate of 3 cents to 10 cents per package, with 3 cents of the increase being returned to local governments. The excise tax on distilled spirits was also raised on August 16th from \$1.50 to \$2 per gallon.

Certain rates and exemptions in the inheritance and gift tax laws were revised, the federal annual gift tax exemption was adopted, and biweekly remittances of inheritance tax collections by county treasurers were required. Except for the speedup in remittances, much of the effect of these changes will be delayed until 1968-69 and subsequent years.

While not a part of the Administration's tax program, another measure approved last year increasing the number of racing days and authorizing night racing in California will produce a significant amount of new money. The gain in revenue attributable to these changes will be somewhat dampened by a drop in average daily handle because of the extended racing season and simultaneous racing at two or more

tracks. In addition, the new law provides that part of the breakage heretofore payable to the General Fund will be held by tracks to improve purse payouts.

Changes in revenue attributable to the tax program and other major legislative measures are shown in Table 4.

### Economic Conditions

The revenue estimates presented in this budget are based on the following assumptions:

War in Vietnam through 1968, with defense expenditures continuing to rise but at a slower rate than in 1967.

A 6 percent federal income tax surcharge effective from April 1, 1968, and June 30, 1969, amounting to \$3 billion in 1968.

A 10 percent increase in the federal corporate income tax, retroactive to January 1, totaling \$3.5 billion annually.

Residential building sustained at the 1967 year-end level, although interest rates may move higher and mortgage credit grow tighter as a result of strong overall demand for funds.

Consumer and wholesale price increases generally greater than in 1967.

### Gross National Product

Gross national product is forecast at \$843.5 billion for 1968, up \$58.4 billion (7.4%) from last year's level. The pattern of growth assumes a stronger rise in the first half of the year as a result of a high level of automobile production, a buildup of steel inventories in anticipation of a possible strike in July, a sustained level of residential construction, and rising defense outlays. The growth will continue during the latter half of the year, but at a somewhat slower pace.

Personal consumption expenditures are expected to grow at a 6.9 percent rate, considerably above the 5.5 percent registered during 1967, largely boosted by substantially higher sales of durables, particularly automobiles and home furnishings. At \$525.5 billion, total consumer expenditures will rise \$33.9 billion from last year's total and will contribute more than half of the increase in GNP.

Private investment is expected to rise \$8 billion, with business investment in plant and equipment and residential construction accounting for most of the gain. According to recent surveys, investment will center largely in expenditures for new equipment. The total capital outlay by business establishments will advance at a higher rate than in 1967, but well below the exceptional gains recorded in the three preceding years. A sustained level of residential construction at the current volume will contrast with the depressed volume of home building in the last half of 1966 and the first half of 1967. It must be emphasized, however, that this trend will depend heavily upon availability and cost of long-term credit. Investment in business inventories is expected to increase moderately, largely as a result of higher prices and the underlying economic growth.

Government expenditures are expected to contribute \$16.7 billion to the growth of GNP. This increase is considerably below the \$22 billion gain last year

Table 4  
SUMMARY OF MAJOR TAX LEGISLATION  
ENACTED IN 1967  
(In millions)

<i>Tax Program</i>	<i>1967-68</i>	<i>1968-69</i>
Personal income tax .....	\$349.0	\$394.0
Retail sales and use tax .....	348.3	393.4
Cigarette Tax:		
State .....	84.0	89.1
Local .....	56.0	71.4
Bank and corporation tax .....	138.7	106.5
Distilled spirits .....	21.4	22.2
Inheritance and gift .....	4.8	15.3
<b>Total Tax Program .....</b>	<b>\$1,002.2</b>	<b>\$1,091.9</b>
<i>State purposes</i> .....	<i>946.2</i>	<i>1,020.5</i>
<i>Local purposes</i> .....	<i>56.0</i>	<i>71.4</i>
<i>Other Legislation</i>		
Personal income tax accrual adjustment .....	-\$100.3	-
Retail Sales Tax:		
Exempt contractors from 1 percent increase in state tax .....	-10.0	-\$2.1
Bank and Corporation Tax:		
Exemption of intercompany dividends .....	-9.2	-6.4
Horse Racing:		
Increase racing days, change breakage distribution .....	7.0	6.0
Liquor License Fees:		
State .....	0.9	3.4
Local .....	-0.1	0.3
Motor vehicle transfer fees .....	3.0	3.0
<b>Total Other Major Legislation .....</b>	<b>-\$108.7</b>	<b>\$4.2</b>
<i>State revenue</i> .....	<i>-108.6</i>	<i>3.9</i>
<i>Local</i> .....	<i>-0.1</i>	<i>0.3</i>
<b>GRAND TOTAL, MAJOR TAX LEGISLATION .....</b>	<b>\$893.5</b>	<b>\$1,096.1</b>
<i>State purposes</i> .....	<i>837.6</i>	<i>1,024.4</i>
<i>Local purposes</i> .....	<i>55.9</i>	<i>71.7</i>

\* In addition, a local sales tax of 1 percent is levied for city and county revenue under the Bradley-Burns Uniform Local Sales and Use Tax Law.



because of the slower rise in defense expenditures and the effort to hold down other federal costs. The estimated rise in expenditures of state and local government, at \$8.6 billion, will be slightly below the increase last year. This assumes that the anticipated cutbacks in federal expenditures may reduce aid payments to local governments.

### Employment, Income and Prices

The increased demand for goods and services will generate higher employment and personal income. Projections underlying the budget revenue forecast set the 1968 civilian labor force at 78.7 million, and civilian employment at 75.7 million. These figures imply an unemployment rate of 3.8 percent, about the same as during 1967. The higher level of employment coupled with rising wages and longer hours should bring aggregate wage and salary payments to \$455 billion, about 7.5 percent over last year. All other components of personal income are expected to rise, although most of them at a slower rate than wages and salaries. Total personal income is estimated at \$668 billion, 6.7 percent above 1967. The expected rise in personal taxes to \$93.1 billion, including the proposed federal surtax, will leave disposable income of \$574.9 billion.

Corporate profits are forecast at \$86.0 billion, compared with \$80.4 billion last year. Expanding output, coupled with higher prices, should improve this component despite higher costs of production.

Prices are expected to advance more rapidly, with the consumer price index rising 3.0 percent, compared with 2.8 percent last year, and the wholesale price index moving up 1.8 percent in contrast to a 0.2 percent gain in 1967.

### California Outlook

Total California population is expected to reach 20,012,000 by July 1968, an increase of 477,000 (2.4%) from 1967. Net migration and natural increase are both expected to be higher than in either of the two previous years, reversing the recent downward trend. Rising population, sustained demand for California products, growing outlays for residential construction, and greater business investment will provide the major underpinnings for higher levels of production, employment and income in the state.

The civilian labor force will average 8,090,000, or 257,000 more than last year, while total civilian employment is projected at 7,690,000 for a 246,000 gain. Unemployment, at 4.9 percent of the labor force, will be slightly below last year.

Aerospace activity is expected to remain at a high level through the year with contract awards and employment above 1967. The rate of growth in aerospace industries will slacken, however, as a result of current cutbacks in expenditures not related to the Vietnam war, and the fact that recruitment for major commercial programs has been largely completed. Manufacturing employment is estimated to average 1,680,000, an increase of 43,000 from last year. Residential construction should result in about 125,000 housing units, with permit valuation of \$1.9 billion. This, combined with some further gains in both nonresidential building and heavy construction, will result in a turn-

around for construction employment. The 1968 average is expected to rise by 10,000, contrasted with a 30,000 decline last year. Only agriculture and mining will remain near their last year's levels, with employment in all other industry groups showing substantial increases. Other large gains will be recorded by services (65,000), government (54,000), and trade (47,000).

Table 5  
ECONOMIC DATA  
(Dollar amounts in billions)

National Data	1966 actual	1967 preliminary	1968 estimated	1968 percent change
Gross national product	\$743.3	\$785.1	\$843.5	7.4
Consumer expenditures	465.9	491.6	525.5	6.9
Durable goods	70.3	72.1	77.5	7.5
Nondurables	207.5	217.5	232.0	6.7
Services	188.1	202.1	216.0	6.9
Private investment	118.0	112.1	120.0	7.0
Fixed investment	104.6	107.0	113.0	5.6
Residential	24.4	24.5	28.0	14.3
Other	27.9	26.8	27.0	0.7
Producers' durable equipment	52.3	55.7	58.0	4.1
Change in inventories	13.4	5.1	7.0	37.3
Net exports	5.1	5.0	5.0	-
Government purchases	154.3	176.3	193.0	9.5
Federal	77.0	89.9	98.0	9.0
Defense	60.5	72.6	80.0	10.2
Other	16.5	17.3	18.0	4.0
State and local	77.2	86.4	95.0	10.0
Personal income	584.0	626.3	668.0	6.7
Less personal taxes:	75.2	81.8	93.1	13.8
Federal	61.7	66.5	75.8	14.0
State and local	13.5	15.3	17.3	13.1
Disposable income	508.8	543.2	574.9	5.8
Savings	29.8	37.1	34.4	-7.3
Corporate profits before taxes	83.8	80.4	86.0	7.0
Consumer price index	113.1	116.3	119.8	3.0
Wholesale price index	105.9	106.1	108.0	1.8
Index of industrial production	156.3	156.9	165.0	5.2
Civilian labor force (000)	75,770	77,300	78,700	1.8
Employed (000)	72,895	74,330	75,700	1.9
California Data				
Personal income	\$65.00	\$69.55	\$74.40	7.0
Wages and salaries	44.32	47.30	50.80	7.4
Other labor income	2.17	2.45	2.75	12.2
Proprietors' income	6.12	6.06	6.30	4.0
Property income	9.33	10.03	10.67	6.4
Transfer payments	5.30	6.16	6.67	8.3
Less: Personal contributions for social insurance	2.24	2.45	2.79	13.9
Personal taxes:				
Federal income tax	6.68	7.08	8.15	15.1
State income tax	0.45	0.64	1.02	61.3
Disposable income <sup>a</sup>	57.88	61.84	65.23	5.5
Taxable corporate profits	6.67	6.41	6.90	7.6
Civilian labor force (000)	7,594	7,833	8,090	3.3
Employed (000)	7,220	7,444	7,690	3.3
Unemployed (000)	375	389	400	2.8
Number of housing starts (total)	99,083	110,000	125,000	13.6
New car sales (000)	849.0	815.0	870.0	6.7
Taxable sales	\$34.24	\$35.20	\$37.60	6.8
Consumer price index <sup>b</sup>	115.0	118.1	121.6	3.0

<sup>a</sup> Disposable income of California residents represents personal income less federal and state personal income taxes. Other personal tax and nontax payments have not been deducted.

<sup>b</sup> Index for California is computed by the California Department of Industrial Relations, Division of Labor Statistics and Research.

Source: National data for 1966 and 1967 from reports of the U.S. Department of Commerce; estimates of national data for 1968, estimates of California personal income, personal taxes, disposable income, etc., are based upon studies by the Financial and Population Research Section, Budget Division, California Department of Finance.



Personal income of California residents during 1968 is estimated at \$74.4 billion, or 7 percent above the total for 1967. Components expected to grow faster than total personal income are wages and salaries (7.4%), transfer payments, which will be boosted by increased benefits (8.3%), and other labor income (12.2%).

Components of gross national product together with personal income, corporate profits, and selected other economic data for the nation and California are summarized in Table 5.

## GENERAL FUND REVENUE

Three-fourths of aggregate state revenue is deposited in the General Fund. This includes collections from such levies as those on sales of tangible personal property, personal income, corporate profits, and insurance premiums. For the most part, these taxes are geared directly to business conditions. Hence, the estimates of revenue from each source flow directly from the economic assumptions outlined above. The influence of these economic factors upon the various tax bases and the methods used in preparing the budget revenue estimates are summarized in the following material.

### Sales Tax—\$1,574,500,000

A four percent tax is levied upon sales of tangible personal property for final consumption in this state. An additional one percent tax is collected by the state for cities and counties, but this tax is levied under local ordinances and is not state revenue.

Sales tax collections did not rise as much as income in 1967, due to the continued weakness of the housing industry, fewer new car sales and only moderate gains in taxable transactions of manufacturers and other business establishments. The consumer contributed to this situation by spending less of his disposable income on taxable goods.

The economic outlook for 1968 includes increases in building activity, new car sales and business investment, together with a reduction in the savings rate. Each of these factors should stimulate sales this year. Taxable transactions are estimated to total \$37.6 billion, up 6.8 percent from the \$35.2 billion apparent for 1967, and are expected to rise another 5.6 percent in 1969 to reach \$39.7 billion.

Three methods were used to estimate taxable sales, during the budget period. The first was based upon a detailed analysis of per capita sales in constant dollars of 40 different types of business. The second method involved classifying taxable sales data into 14 homogeneous groups and relating the sales of each to an appropriate economic factor, such as disposable income, employment or new vehicle registrations. Regression equations were used to obtain estimates of taxable sales in 1968 and 1969 for each group.

Multiple regression analysis was the third method. Aggregate taxable sales were related to disposable income of California residents, the number of new vehicle sales, value of building construction, number of wage and salary workers in the construction and manufacturing industries and the value of fixed investment in the United States. Regression equations were computed using these five variables, all com-

binations of four variables and all combinations of three variables. The best equation, as measured by the standard error of the estimate and the correlation coefficient, involved disposable income, new vehicle sales and construction and manufacturing employment as independent variables.

The estimates of taxable sales for 1968 and 1969 shown below are based upon the results of the above methods. The high and the low estimates were within a 1.7 percent range.

Table 6  
ESTIMATED TAXABLE SALES IN CALIFORNIA  
(In millions)

Group	1967	1968	Percent change	1969	Percent change
Retail stores -----	\$16,536	\$17,600	6.4	\$18,700	6.2
Automotive -----	5,789	6,150	6.2	6,200	0.8
Building materials --	3,370	3,675	9.1	3,975	8.2
Manufacturing and wholesaling -----	8,280	8,900	7.5	9,500	6.7
Business and personal services -----	1,225	1,275	4.1	1,325	3.9
Total -----	\$35,200	\$37,600	6.8	\$39,700	5.6

Total receipts from the sales and use tax, including collections attributable to the audit activities of the Board of Equalization, are estimated at \$1,574,500,000 in 1968-69, compared with \$1,451,000,000 in 1967-68 and \$1,190,750,000 during 1966-67.

### Personal Income Tax—\$1,018,000,000

Revision of the personal income tax law will contribute more than one-third of the billion dollar tax program enacted last year. Principal amendments included narrowing the tax brackets, raising the maximum rate from 7 to 10 percent, and substituting tax credits for the former personal exemptions and allowance for dependents. In addition, a partial prepayment based on the prior year's liability was required of some taxpayers. This latter change accelerated revenue flow but did not affect the total amount of fiscal year collections.

Income tax receipts during the current and budget years will be determined largely by the amount of personal income earned in 1967 and 1968. Approximately 58 percent of the tax is attributable to wages and salaries, 17 percent to proprietorship profits and 13 percent to net receipts from ownership of property. The remainder, 12 percent, is generated by capital gains and miscellaneous income.

The various types of income are distributed differently among income brackets and thus are subject to different average tax rates. Nearly 90 percent of the tax attributable to wages and salaries and 70 percent of the tax from proprietorship income are paid by people with incomes under \$50,000. This group, however, accounts for only 49 percent of the tax from property income (interest, dividends and rent), and 30 percent of the tax from capital gains. These variations are illustrated in the following table.

Since each type of income is distributed differently, the tax attributable to each is estimated separately. For wages and salaries, proprietorship income, interest, dividends and rent, which are components of the personal income series, equations were computed relating tax to income for each source. Tax attributable to capital gains was estimated through use of a for-



Percent of tax from each type of income

Adjusted gross income	Wages and salaries	Proprietors' income	Property income	Capital gains
Under \$10,000	21.9	3.4	4.4	1.2
\$10,000-14,999	29.6	6.5	6.3	2.7
\$15,000-24,999	23.6	17.6	12.5	7.7
\$25,000-49,999	14.4	42.1	26.1	18.4
\$50,000-99,999	6.6	22.3	22.1	18.4
\$100,000 and over	3.9	8.1	28.6	51.6
Totals	100.0	100.0	100.0	100.0

mnla developed by the United States Treasury Department. This involves the computation of an "index of potential gains" based on four variables describing stock market activity over a 15-year period. A regression equation, relating the annual change in tax attributable to capital gains to the annual change in the potential gains index, provided the estimates of the tax from this source. Estimates of tax from miscellaneous income—primarily annuities, alimony and income from the sale of noncapital assets—were based on analysis of past trends.

These computations, after adding estimated collections from the Franchise Tax Board's audit activities, result in revenue estimates of \$1,018,000,000 in 1968-69, compared with \$810,000,000 for the current year. Actual revenue in 1966-67, under the old tax law, totaled \$626,697,000. As stated above, this latter amount includes \$126,611,000 accrued on June 30, 1967. Chapter 44, Statutes of 1967, eliminated \$100,300,000 of this amount, and had the effect of reducing the 1967-68 fiscal year estimate. Adjusted to a more comparable basis, the amounts for the three fiscal years are:

1966-67	\$526,397,000
1967-68	910,300,000
1968-69	1,018,000,000

Revenue due in October 1968 under the prepayment program is estimated at \$242,200,000. The comparable amount for last year was \$130,540,000.

### Bank and Corporation Tax—\$548,000,000

Corporate income attributable to California operations during 1967 and 1968 forms the base for bank and corporation tax receipts in the current and budget years.

Income for 1967 has been estimated from the results of a stratified sample of 1,000 corporations, more than 90 percent of which responded to the questionnaire. According to these data, California taxable corporate income for 1967 is estimated at \$6.4 billion, 4 percent below the 1966 level. This is virtually the same as the 4.1 percent drop indicated for corporate profits in the nation. A summary of estimated California income by major industry group for 1966 and 1967 is shown in the following table.

Two methods were used to estimate California corporate income for 1968. One was based on the ratio of California taxable corporate income to national corporate profits for 1968 as determined by analyzing the trend in this ratio over the last 15 years. The second estimate was made by projecting California taxable corporate income for each major industry group using historical trends, the economic outlook for various California industries as described above,

Table 7  
TAXABLE CORPORATE INCOME IN CALIFORNIA  
(In millions)

Industry	1966	1967	Percent change
Agriculture	\$81	\$78	-4
Mining and oil production	309	282	-9
Construction	186	174	-6
Manufacturing	2,663	2,553	-4
Trade	1,106	1,067	-4
Service	411	392	-5
Financials subject to bank tax	417	471	13
Real estate and other financials	390	340	-13
Utilities	1,107	1,049	-5
Other	4	4	-
Total	\$6,674	\$6,410	-4

and other information expected to affect profits in specific industries. Results from the two methods were reconciled to arrive at a tax base of \$6.9 billion for 1968, an increase of 7.6 percent from the 1967 level. This is a little more than the 7 percent increase estimated for the nation, and it represents a fractional increase in the ratio of California's taxable corporate income to the United States corporate profits.

The tax rate on corporate income was raised from 5.5 percent to 7 percent under the tax program of last year, beginning with income earned in 1967. The additional bank tax, levied in lieu of local taxes on the personal property of banks and other financial corporations, remains at a maximum of 4 percent. A second feature of the 1967 law brought tax payments more nearly current with earnings and the revenue requirements of the state. Legislation enacted in 1963, now fully effective, required corporations to pay 50 percent of their estimated tax liability 5 months and 15 days after the start of their income year. Under the new law, corporations are required to make an additional 25 percent payment of estimated tax 10 months and 15 days after the start of their income year. The combined effects of the higher tax rate and the prepayment will result in an estimated increase of \$138.7 million in revenue during 1967-68 and \$106.5 million in 1968-69. Several factors account for this difference in revenue pickup for the two years.

Total revenue for the bank and corporation tax is estimated at \$548,000,000 for 1968-69 and \$570,000,000 in 1967-68. Collections for 1966-67 amounted to \$453,292,000.

### Cigarette Tax—\$237,900,000

The tax program enacted last year included an increase in the state cigarette tax from 3 cents to 7 cents per package, effective August 1, and a further rise to 10 cents effective October 1. City cigarette taxes, varying from 2 to 4 cents per package were eliminated on the latter date, when cities and counties were given a 30 percent share in total net collections.

Per capita cigarette consumption in California has gradually declined during recent years, apparently as a result of repeated warnings of the health hazard involved in smoking. From a high of 142 packs annually per adult in 1961, consumption dropped to an estimated 134 pack rate prior to the tax increase of last year.

On the assumption of a permanent downward shift, due to the combined effects of the tax increase and health considerations, it is estimated that total per



capita consumption for 1968 and 1969 will be 120.6 and 120.5 packs, respectively. The 10-cent tax rate, with a discount of 0.85 percent and adjustments for other features of the 1967 law, is estimated to yield \$216,600,000 in 1967-68 and \$237,900,000 in 1968-69. Allocation between General Fund and special fund is indicated in the following table.

	(In thousands)		
	1966-67	1967-68	1968-69
Total -----	\$78,191	\$216,600 <sup>a</sup>	\$237,900
General Fund --	78,191	156,679	166,530
Special fund ---	-	59,921 <sup>b</sup>	71,370

<sup>a</sup> Includes floor stocks tax of \$11,227,000 of which \$6,419,000 went to the State General Fund and \$4,808,000 represented special fund receipts for distribution to cities and counties.

<sup>b</sup> Includes a support appropriation of \$3,921,000 to the Franchise Tax Board, Controller and Board of Equalization.

## Inheritance and Gift Taxes—\$147,730,000

Revenue from the inheritance and gift taxes is dependent primarily upon the number and size of bequests and upon the relationship of the recipient to the decedent or donor. In general, tax rates increase with the size of the inheritance or gift and with the remoteness of the relationship. Exemptions are reduced as the relationship recedes.

A decline in probate filings, higher interest rates and a drop in security values significantly affected the inheritance tax in 1966-67. Although filings are currently in an upswing and stock prices are rising, interest rates are still high and are expected to continue at a high level. This makes the five percent discount for payment within six months of death less attractive. These factors indicate only a moderate increase in 1968-69 inheritance tax collections. Gift tax payments should increase in line with the long-term trend and the moderate advance in stock prices.

The 1967 tax program raised inheritance and gift tax rates, consolidated two classes of beneficiaries, and adopted the federal gift tax exemption of \$3,000 in place of the previous \$4,000. County treasurers must remit inheritance tax collections within 15 days, in contrast with the former bimonthly settlements. This speedup in remittances will improve cash flow but will not affect total revenue. The estimated effects of these changes are presented in Table 8.

Table 8  
INHERITANCE AND GIFT TAXES  
(In thousands)

	1966-67 actual	1967-68 estimated	1968-69 estimated
Inheritance Tax:			
Cash, old law -----	\$106,605	\$116,000	\$120,000
Remittance speedup -----	-	7,400	500
Rate increase -----	-	3,600	11,500
Accruals -----	26,746	-4,800	2,300
Totals -----	\$133,351	\$122,200	\$134,300
Gift Tax:			
Cash, old law -----	\$7,808	\$8,800	\$10,000
Rate increase -----	-	900	2,500
Reduced exemption -----	-	300	800
Accruals -----	740	-170	130
Totals -----	\$8,548	\$9,830	\$13,430

## Insurance Tax—\$126,600,000

The tax on insurance companies is based upon the amount of premiums written in California and is in lieu of all other state and local taxes except those on real estate and motor vehicles. In general, the tax is

imposed at a 2.35 percent rate. However, during the transition from an annual to a quarterly collection basis (1964 through 1967) the rate was reduced to 2.33 percent. Ocean marine and certain other types of insurance and annuities are subject to different rates.

In the past, insurers were permitted to deduct from their insurance tax liabilities the entire amount of local property taxes paid on their principal offices in California. However, this provision was revised with the passage of a ballot proposition in 1966. Under the new law, a foreign insurer (one not based in California) may deduct only a prorated share of the property tax based on that portion of the principal California office actually occupied by the insurer. A California insurer will continue to deduct the entire tax on the principal office structure now owned, a building acquired for this purpose before January 1, 1970, or on which construction is started before that date, regardless of the space used.

Estimates of premiums written during 1967 and 1968 were based on the replies to a questionnaire sent to a sample of 73 insurers who account for almost two-thirds of all taxable insurance written in the state. These companies were requested to estimate changes in the volume of premiums written for major lines of insurance. The estimate of premiums to be written in 1969 is based on an analysis of past trends. After allowing for dividends paid to policyholders and the principal office deduction, the insurance tax is forecast at \$126,600,000 in 1968-69, compared with \$117,200,000 for the current year and actual receipts of \$131,226,000 in 1966-67.

## Alcoholic Beverages—\$121,405,000

State tax revenues from alcoholic beverages fall into two categories: excises levied on sales of distilled spirits, beer and wine, and fees derived from the issuance and renewal of licenses required for the manufacture and sale of alcoholic beverages.

Consumption of distilled spirits rose from 3.48 gallons per adult in 1966 to 3.56 gallons in 1967 and is expected to reach 3.63 gallons in 1968 and 3.72 gallons in 1969. Beer consumption per adult in 1966 reached 26.3 gallons, but declined to 26.2 in 1967 due to a brewery strike in the summer months. Consumption is expected to rise in both 1968 and 1969 to 27.1 and 27.5 gallons, respectively. Per capita consumption of dry and sparkling wines is expected to continue the pattern of growth established for the last 7 years, while consumption of sweet wine will continue to decline.

Total distributions of alcoholic beverages by type are shown below:

	Millions of Gallons			
	1966	1967	1968	1969
Distilled spirits -----	39.1	40.9	42.9	45.4
Beer -----	296.0	300.8	320.7	335.5
Sweet wine -----	15.4	15.3	15.2	15.1
Dry wine -----	23.6	25.6	26.6	28.6
Sparkling wine -----	2.0	2.3	2.5	2.8

Alcoholic beverage tax revenues shown in Table 9 reflect the effects of the 1967 rate increase of \$.50 per gallon of distilled spirits, effective August 16, 1967.

Revenues from liquor license fees are divided between the General Fund and the Alcohol Beverage



**Table 9**  
**ALCOHOLIC BEVERAGE TAXES AND FEES**  
(In thousands)

<i>Excise taxes</i>	<i>1966-67</i>	<i>1967-68</i>	<i>1968-69</i>
Distilled spirits -----	\$64,733	\$84,250 <sup>a</sup>	\$87,700
Beer -----	11,630	13,150	13,150
Sweet wine -----	14,964 <sup>b</sup>	310	300
Dry wine -----		260	270
Sparkling wine -----		700	780
<b>Totals, Excise Taxes -----</b>	<b>\$79,697</b>	<b>\$97,150</b>	<b>\$102,200</b>
Liquor license fees -----	14,954	15,999	19,206
<b>Totals, Taxes and Fees -----</b>	<b>\$94,652</b>	<b>\$113,149</b>	<b>\$121,405</b>
<i>General Fund</i> -----	<i>83,083</i>	<i>101,502</i>	<i>109,082</i>
<i>Alcohol Beverage Control Fund</i> -----	<i>11,568</i>	<i>11,647</i>	<i>12,324</i>

<sup>a</sup> Includes floor stocks tax.

<sup>b</sup> Cannot be separated due to credits and adjustments.

Control Fund. The General Fund receives all fees for new licenses, service charges, special fees to enforce fair trade regulations and, after April 1968, all license transfers. In addition, 10 percent of all other fees (primarily annual renewals) are transferred to the General Fund, with the remaining 90 percent deposited in the Alcohol Beverage Control Fund for apportionment to cities and counties. Legislation adopted in 1967 substantially raised the fee schedule for certain original licenses, renewals and for all transfers.

### Horse Racing—\$61,610,000

State revenue from horse racing comes mainly from the tax on parimutuel betting. This tax is graduated from 5 percent of the first \$10 million in the parimutuel pool of each meet to 8 percent of amounts over \$125 million. Other items include "breakage" (the odd cents not paid to winning ticket holders), unclaimed parimutuel winnings, license fees, fines and penalties.

The Horse Racing Act of 1967 repealed the county basis for allotment of racing days based on 1940 population and substituted a new extended schedule based on racing weeks. In addition, the act authorized night racing and set aside the state's share of the breakage on the first \$50,000,000 handled to supplement purses at racing meets other than those at the two major tracks.

The volume of betting varies considerably among the meets, with Santa Anita and Hollywood Park accounting for 55 percent of the total. The new law will result in 150 days of continuous thoroughbred racing in the Los Angeles metropolitan area. Over the extended racing meet, Santa Anita's average daily handle is estimated to remain at about the 1967 level, while the Hollywood Park daily handle is expected

**Table 10**  
**SOURCES AND DISTRIBUTION**  
**HORSE RACING REVENUE**  
(In thousands)

<i>Sources</i>	<i>1966-67</i>	<i>1967-68</i>	<i>1968-69</i>
Tax on parimutuel pools -----	\$42,257	\$52,285	\$55,690
Breakage -----	6,491	5,020	5,280
Unclaimed parimutuel tickets-----	476	490	525
Licenses, fines and penalties-----	88	105	115
<b>Totals -----</b>	<b>\$49,311</b>	<b>\$57,900</b>	<b>\$61,610</b>
<i>Distribution:</i>			
<i>General Fund</i> -----	<i>39,274</i>	<i>49,259</i>	<i>52,587</i>
<i>Fair and Exposition Fund</i> --	<i>9,287</i>	<i>7,891</i>	<i>8,273</i>
<i>Wildlife Restoration Fund</i> ---	<i>750</i>	<i>750</i>	<i>750</i>

to decline somewhat due to the longer racing season and simultaneous scheduling at competing tracks.

The aggregate of parimutuel pools at all tracks in fiscal 1969 is estimated at \$819,000,000, as compared to \$766,000,000 in the present fiscal year and \$636,729,000 in 1966-67. The preceding table shows total receipts from horse racing and the final distribution of this money among the various funds. After appropriations for support of fairs, agricultural associations, and other items, excess revenue in the Fair and Exposition Fund is transferred to the General Fund.

### Private Car Tax—\$3,700,000

Railroad cars owned by companies other than railroads are taxed by the state rather than by the various local governments. Assessed valuations are determined by the State Board of Equalization and the appropriate property tax rate during the preceding fiscal year is applied against the assessment roll.

Based upon assessments of \$37,627,000 and a rate of \$7.79 per \$100 of assessed value, current year collections will total \$2,931,000. Actual collections in 1966-67 were \$2,477,000. Repeal of the tax on solvent credits as a result of legislation adopted last year will result in an increase of approximately \$1 in the tax rate applicable to private cars in 1968-69. The new rate and continued growth will increase collections by approximately \$800,000 to reach an estimated total of \$3,700,000 next year.

### Nontax Receipts—\$116,866,000

Miscellaneous receipts for the General Fund will total \$116,866,000 in the budget year, a decline of \$2,074,000 from the corresponding figure for the current period. Miscellaneous revenue is made up of 5 categories: interest income—\$35.1 million; medical aid reimbursements—\$22.1 million; pay patients and county board charges at hospitals and correctional schools—\$23.0 million; traffic penalties—\$13 million; and all other—primarily charges for certain services to business and individuals and sales of property—\$23.7 million. Principal amounts making up the total are shown in Schedule 2.

## SPECIAL FUND REVENUE

Provisions of the State Constitution, codes and statutes restrict the use of certain revenue for specified purposes, and these receipts are separately accounted in various special funds. In general, they comprise three categories of income: (1) receipts from broad tax levies which are allocated to specified functions; (2) charges for special services to specific groups; and (3) rentals, royalties and other receipts earmarked for particular purposes. Motor vehicle taxes and fees illustrate the first of these classes. License fees for the regulation of business and professions are typical of the second. Oil and gas royalties, now assigned primarily to capital outlay for public higher education and water development, are examples of the third. Interest received by the investment of special fund money is deposited in the fund for which the investments are held.

Motor vehicle taxes and fees account for five-sixths of all special fund revenue. Principal sources of this



income are the motor vehicle fuel taxes, registration and weight fees, transportation tax, and vehicle license fee. During the 1968-69 fiscal year, \$1,063,500,000 will be derived from motor vehicle taxes. Approximately \$489.4 million of this revenue will be returned to local governments. The remainder will be available for various activities related to state highways and services to vehicle owners.

Thirty percent of cigarette tax revenue is now deposited in a special fund for distribution to the cities and counties. In 1968-69, receipts for this fund are estimated to be \$71.4 million.

Regulatory fees and charges for special services to industry, business and the professions, together with hunting, fishing and liquor licenses, will amount to \$57.4 million in the coming fiscal year. Rents, royalties and other miscellaneous receipts are estimated to total \$60.0 million. Interest from investments held for the various special funds is projected at \$14.6 million.

### **Motor Vehicle Fuel Taxes—\$593,600,000**

The forecast of revenue from motor vehicle fuel taxes is based upon projected consumption of gasoline, diesel fuel and liquefied petroleum gas in motor vehicles. The significant factors underlying the gasoline tax estimate are total vehicle registrations, both fee paid and exempt, and average gasoline consumption per vehicle. Total registrations in 1968 are expected to reach 12,519,000 units, while average gasoline consumption is expected to remain unchanged at 637 gallons during the current and budget year. The tax rate of 7 cents per gallon will thus yield \$558,500,000, as compared with \$542,600,000 for 1967-68 and actual receipts, including accruals, of \$608,421,000 in 1966-67.

Consumption of diesel fuel and liquefied petroleum gas is estimated by extending a 12-month moving average of past collections. Receipts from these two fuels are expected to total \$35,100,000 for 1968-69, compared with \$32,900,000 for the current year and \$35,276,000 last year.

### **Motor Vehicle Fees—\$449,200,000**

Registration, weight and vehicle license fees account for 95 percent of total motor vehicle fee receipts, with drivers' licenses and charges for other services making up the remainder. Vehicle sales are expected to increase this year, with autos showing a particularly large gain as purchases deferred during the Ford strike reinforce normal growth. After allowance for scrapage and vehicles entering and leaving the state, total fee-paid registrations at year-end 1968 are estimated at 12,341,000, up 431,000 from the number estimated for 1967.

Registration fees were raised \$1 each year in 1966, 1967 and 1968, bringing the fee to \$11 this year. In-

cluding the increase in transfer and duplicate registration fees approved in 1967, aggregate receipts from registration and weight fees, drivers' licenses and other charges are estimated at \$245,200,000 for 1968-69, compared with \$233,800,000 in the current year and actual receipts of \$212,734,000 in fiscal 1967.

The vehicle license fee is levied in lieu of the local property tax, and net revenue collections from this source are returned to local governments. The number, original market value and age distribution of vehicles are the determining factors underlying the vehicle license fee estimates. The average fee on new vehicles rose slightly in 1967, and a similar increase has been projected for 1968 and 1969, due in part to the mandatory safety features. The average renewal fee is expected to drop in 1968 because of the decline in new vehicle sales during 1967.

Total revenues from motor vehicle fees are shown below:

	(In millions)			
	1966-67	1967-68	1968-69	
Vehicle license fees-----	\$192.3	\$198.0	\$204.0	
Registration and weight fees -----	197.2	213.1	222.7	
Drivers' license fees -----	8.6	10.4	10.8	
Other -----	7.0	10.3	11.7	
Total -----	\$405.1	\$431.8	\$449.2	

### **Transportation Tax—\$20,650,000**

The transportation tax is imposed at the rate of 1.5 percent on the gross receipts from the operation of motor vehicles for hire outside of municipalities. Most of the vehicles subject to this tax use diesel fuel, and a regression equation relating gross receipts to diesel fuel consumption was used as the basis for the current and fiscal year estimates. Revenue during the budget year is projected at \$20,650,000, compared to the current year estimate of \$19,100,000 and actual 1966-67 receipts of \$21,023,000.

### **Other Special Fund Revenue—\$119,949,000**

For the most part, nontax revenue flowing to special funds represents regulatory fees on business and professions, charges for special services to designated groups and royalties from oil and gas production on state-owned land.

For the budget year, these revenues will total an estimated \$119,949,000, down from \$125,780,000 in the current year. Actual revenue in 1966-67 was \$98,781,000. The sharp increase in 1967-68 is primarily attributable to the transfer of oil and mineral royalty receipts to the Capital Outlay Fund for Public Higher Education. An anticipated drop in revenue in 1968-69 from sales of state property is the most important reason for the decline during the budget year. Details of the amounts comprised in these totals are shown in Schedule 2.



Table 11

## SUMMARY OF STATE POPULATION, INCOME OF CALIFORNIA RESIDENTS, AND STATE TAX COLLECTIONS

Excluding Departmental, Interest and Miscellaneous Revenue

Year	Estimated			Fiscal Year	State Tax Collections			Taxes per Capita			Taxes per \$100 of Personal Income		
	Population July 1st (Thousands)	Personal Income (Millions)	Income per Capita		General Fund (Thousands)	Special Funds (Thousands)	Total (Thousands)	General Fund	Special Funds	Total	General Fund	Special Funds	Total
CASH BASIS													
1950	10,643	\$19,744	\$1,855	1950-51	\$647,992	\$295,542	\$943,534	\$59.52	\$27.15	\$86.67	\$3.28	\$1.50	\$4.78
1951	11,130	22,756	2,045	1951-52	709,245	322,699	1,031,944	62.30	28.35	90.65	3.11	1.42	4.53
1952	11,638	25,214	2,167	1952-53	754,048	346,480	1,100,528	63.53	29.19	92.72	2.99	1.37	4.36
1953	12,101	27,002	2,231	1953-54	772,250	442,538	1,214,788	62.74	35.95	98.69	2.86	1.64	4.50
1954	12,517	27,682	2,212	1954-55	831,899	467,814	1,299,713	65.19	36.66	101.85	3.01	1.69	4.70
1955	13,004	30,378	2,336	1955-56	972,828	524,765	1,497,593	73.18	39.48	112.66	3.20	1.73	4.93
1956	13,581	33,177	2,443	1956-57	1,042,773	554,713	1,597,486	75.13	39.97	115.10	3.14	1.67	4.81
1957	14,177	35,497	2,504	1957-58	1,069,809	572,490	1,642,299	73.99	39.59	113.58	3.01	1.61	4.62
1958	14,741	37,361	2,534	1958-59	1,170,890	594,587	1,765,477	77.98	39.60	117.58	3.13	1.59	4.72
1959	15,288	41,010	2,682	1959-60	1,443,296	633,492	2,076,788	92.66	40.67	133.33	3.52	1.54	5.06
1960	15,863	42,980	2,709	1960-61	1,537,347	656,815	2,194,162	95.14	40.65	135.79	3.58	1.53	5.11
1961	16,453	45,678	2,777	1961-62	1,645,300	669,267	2,314,567	98.24	39.96	138.20	3.60	1.47	5.07
1962	17,044	49,051	2,878	1962-63	1,791,038	711,185	2,502,223	103.19	40.97	144.16	3.65	1.45	5.10
1963	17,670	52,615	2,978	1963-64	2,057,962	813,937	2,871,900	114.71	45.37	160.08	3.91	1.55	5.46
1964	18,209	56,570	3,107	1964-65	2,161,157	931,958	3,093,115	117.02	50.46	167.48	3.82	1.65	5.47
1965	18,726	60,006	3,204	1965-66	2,398,958	971,625	3,370,582	126.53	51.25	177.77	4.00	1.62	5.62
1966	19,140	65,002	3,396	1966-67	2,422,275	993,277	3,415,551	127.94	52.46	180.40	3.73	1.53	5.25
ACCRUAL BASIS													
1966	19,140	65,002	3,396	1966-67	2,746,888	1,091,387	3,838,275	145.08	57.64	202.72	4.23	1.68	5.90
1967	19,535	69,550	3,560	1967-68†	3,390,600	1,106,610	4,497,210	175.33	57.22	232.56	4.88	1.59	6.47
1968	20,012	74,400	3,718	1968-69†	3,746,729	1,156,166	4,902,895	189.48	58.47	247.95	5.04	1.55	6.59

† Estimated.

Population estimated by the State Department of Finance.

Personal income, 1950 through 1966, from estimates by the Office of Business Economics, United States Department of Commerce. Data for 1967 and 1968 are estimates by the State Department of Finance.

Income per capita computed from population and income data shown. Amounts differ somewhat from U.S. Department of Commerce estimates.

Taxes per capita computed on the basis of population January 1st, the midpoint of the fiscal year.

NOTE: Data are shown for 1966-67 on both bases in order to facilitate long term comparisons.

Table 12

## COMPARATIVE YIELD OF STATE TAXES, 1950-51 THROUGH 1968-69

(In Thousands)

Year Ending June 30	Sales and Use	Personal Income	Bank and Corporation <sup>1</sup>	Cigarette	Inheritance and Gift	Insurance	Distilled Spirits	Horse Racing	Liquor License Fees	Beer and Wine	Private Car	Motor Vehicle Fuel <sup>2</sup>	Motor Vehicle Fees <sup>3</sup>	Transportation Tax
<b>CASH BASIS</b>														
1951	\$399,243	\$75,891	\$98,245	-	\$23,671	\$23,447	\$16,094	\$16,368	\$8,106	\$3,796	\$891	\$149,907	\$117,680	\$10,194
1952	417,693	90,914	120,127	-	29,165	25,732	14,430	20,042	7,828	3,730	1,089	162,076	127,809	11,312
1953	460,110	94,551	119,127	-	23,474	29,171	15,615	20,960	8,687	4,069	1,127	170,871	139,406	13,359
1954	465,051	96,169	125,026	-	24,112	34,325	15,546	22,552	8,586	3,989	1,222	234,395	170,519	13,337
1955	492,917	106,738	133,661	-	30,250	38,501	16,108	22,877	9,213	4,172	1,301	244,588	185,505	13,921
1956	564,225	127,816	157,088	-	36,334	39,104	33,970	24,930	9,638	4,373	1,330	273,104	209,817	15,956
1957	600,102	143,290	167,431	-	38,540	42,529	34,902	26,695	10,616	4,361	1,424	291,382	219,266	16,994
1958	605,238	149,269	173,599	-	45,331	46,037	33,963	25,948	11,297	4,595	1,590	302,671	227,153	15,609
1959	631,514	160,553	174,003	-	44,943	105,832	36,685	28,087	11,962	5,129	1,712	317,728	236,177	11,203
1960	709,648	246,585	240,735	\$64,805	47,189	61,530	40,369	36,288	12,379	10,016	1,613	336,809	256,303	12,543
1961	711,702	269,103	272,718	66,024	76,803	66,745	41,274	37,260	13,044	9,704	1,668	350,819	264,842	12,511
1962	749,523	299,034	290,870	66,054	76,012	71,699	45,418	38,311	13,533	10,495	1,753	363,796	274,906	13,223
1963	813,465	322,012	311,251	70,194	92,432	77,970	48,152	41,663	13,939	10,659	1,808	386,215	298,356	14,106
1964	876,944	392,341	405,431	71,822	102,195	107,200	50,145	43,442	14,274	11,299	1,846	450,195	329,584	15,183
1965	939,649	410,109	416,247	74,477	114,464	95,199	53,915	47,560	14,596	12,422	2,017	542,822	353,607	16,030
1966	1,096,162	454,625	435,597	74,578	123,781	100,854	56,718	47,443	14,878	12,606	2,205	551,108	382,656	17,373
1967	1,053,249	500,086	453,292	75,597	114,413	107,186	59,564	49,311	14,954	13,751	2,477	548,287	405,061	18,323
<b>ACCRUAL BASIS</b>														
1967	1,190,750	626,697	453,292	78,191	141,899	131,226	64,733	49,311	14,954	14,964	2,477	643,698	405,061	21,023
1968†	1,451,000	810,000	570,000	216,600	132,030	117,200	84,250	57,900	15,999	12,900	2,931	575,500	431,800	19,100
1969†	1,574,500	1,018,000	548,000	237,900	147,730	126,600	87,700	61,610	19,205	14,500	3,700	593,600	449,200	20,650

<sup>1</sup> Includes the corporation income tax.<sup>2</sup> Includes motor vehicle fuel tax (gasoline), use fuel tax (diesel and liquefied petroleum gas).<sup>3</sup> Comprises registration and weight fees, motor vehicle license fees (in lieu) and other fees.

† Estimated.

NOTE: Data are shown for 1966-67 on both bases in order to facilitate long term comparisons.

Table 13  
**OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1968**

Major Taxes and Fees	Reference		Base or Measure	Rate	Administering Agency	Fund
	Code	Sections				
<b>Alcoholic Beverage Excises:</b>						
Beer-----	R & T (1)	32151 (a)	Gallon	\$0.04	Equalization (2)	General
Distilled spirits-----	R & T	32201 (a)	Gallon	2.00	Equalization	General
Wine:						
Dry-----	R & T	32151 (b)	Gallon	.01	Equalization	General
Sweet-----	R & T	32151 (c)	Gallon	.02	Equalization	General
Sparkling-----	R & T	32151 (d)	Gallon	.30	Equalization	General
Sparkling hard cider-----	R & T	32151 (e)	Gallon	.02	Equalization	General
<b>Bank and Corporation:</b>						
General corporations-----	R & T	23151 23501	Net income	7.0% (3)	Franchise (4)	General
Banks and financial corporations-----	R & T	23181 23183	Net income	11.0% Max.	Franchise	General
Cigarette-----	R & T	30101	Package (5)	\$0.10 (5)	Equalization	Cigarette Tax Fund (6)
Gift-----	R & T	15206	Market value	3-24%	Controller	General
Horse Racing License-----	B & P (7)	19491	Amt. wagered Breakage	5-8% 0-100%	Horse Racing Board	Fair and Exposition, (8) Wildlife Restoration and General
Inheritance-----	R & T	13404	Market value	3-24%	Controller	General
Insurance-----	R & T	12202	Gross premiums (9)	2.35% (9)	Insurance Comm.	General
Liquor License Fees-----	B & P	23320	Type of license	Various	Alcoholic Bev. Control Dept.	Alcohol Bev. (10) and General
<b>Motor Vehicle:</b>						
Vehicle license fees-----	R & T	10751	Market value	2%	Motor Veh. Dept.	Veh. Lic. Fee (11)
Fuel—gasoline-----	R & T	7351	Gallon	\$0.07	Equalization	Fuel (12)
Fuel diesel-----	R & T	8651	Gallon	.07	Equalization	Fuel
Registration fee-----	Vehicle	9250	Vehicle	11.00	Motor Veh. Dept.	Motor Veh. (13)
Weight fees-----	Vehicle	9400	Unladen weight	Various	Motor Veh. Dept.	Motor Veh.
Transportation-----	R & T	9651	Gross receipts	1½%	Equalization	Transp. Tax (14)
Personal Income-----	R & T	17041	Taxable income	1-10%	Franchise	General
Private (Railroad) Car-----	R & T	11401	Valuation	(15)	Equalization	General
Retail Sales and Use-----	R & T	6051 6201	Receipts from sales of taxable items	4%	Equalization	General

- (1) Revenue and Taxation Code.
- (2) State Board of Equalization.
- (3) Minimum tax \$100 per year, not applicable to banks.
- (4) Franchise Tax Board.
- (5) This tax is levied at the rate of 5 mills per cigarette.
- (6) 30 percent of the cigarette tax is remitted to local jurisdictions.
- (7) Business and Professions Code.
- (8) For support of county fairs and similar activities.
- (9) Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. A special rate also applies to certain types of insurance and annuities.
- (10) For return to cities and counties.
- (11) For payment of administrative costs and apportionment to counties, cities and school districts.
- (12) For administrative expense and apportionment to state, counties and cities for highway, airport and small craft harbors.
- (13) For support of State Department of Motor Vehicles, California Highway Patrol, local roads and state highways.
- (14) For administrative expenses and state highways.
- (15) Average property tax rate in the state during preceding year.



# Expenditure Program, 1968-69

## State Operations and Local Assistance

Expenditures from governmental cost funds\* proposed for current operations—State Operations and Local Assistance—during the 1968-69 fiscal year total \$4,752.7 million.† This is an increase of \$625.7 million over the revised estimated expenditures of \$4,127.0 million for 1967-68 fiscal year. Of this increase, however, \$216.1 million is for new and increased programs for property tax relief. The increase without property tax relief of \$409.6 million (9.9 percent) is 0.6 percent less than the reflected increase of \$391.6 million (10.5 percent) for 1967-68 over 1966-67. In addition, expenditures totaling \$481.8 million (excludes bond funds) are recommended for capital improvements in the coming fiscal year. The aggregate expenditures for all purposes from all state sources are set forth in the table below.

Expenditures by Character and Source of Funds †  
(In millions)

Source of Funds	State Operations	Local Assistance	Total Current Operations	Capital Outlay	Total Expenditures
1968-69 Fiscal Year					
General Fund	\$1,268.5	\$2,539.2	\$3,807.7	\$90.4	\$3,898.1
Special revenue funds	339.4	605.6	945.0	391.4	1,336.4
Totals, Governmental					
Cost Funds	\$1,607.9	\$3,144.8	\$4,752.7	\$481.8	\$5,234.5
Bond funds	(0.1)	(2.3)	(2.4)	(462.6)	(465.0)
1967-68 Fiscal Year					
General Fund	\$1,126.0	\$2,162.8	\$3,288.8	\$39.5	\$3,328.3
Special revenue funds	305.5	532.8	\$83.3	503.8	1,342.1
Totals, Governmental					
Cost Funds	\$1,431.5	\$2,695.5	\$4,127.0	\$543.3	\$4,670.4
Bond funds	(0.1)	(10.0)	(10.1)	(639.7)	(649.8)
1966-67 Fiscal Year					
General Fund	\$1,061.5	\$1,907.1	\$2,968.7	\$48.5	\$3,017.2
Special revenue funds	264.8	502.0	766.8	360.7	1,127.4
Totals, Governmental					
Cost Funds	\$1,326.3	\$2,409.1	\$3,735.4	\$409.2	\$4,144.6
Bond funds	(0.1)	(11.6)	(11.7)	(502.6)	(514.3)

Expenditures from bond proceeds are shown for the purpose of complete reporting, but they are not included in the overall budget totals. As payments are made on principal and interest such payments are reported as expenditures of the fiscal year in which they occur.

### State Operations

The day-to-day costs of state government—the current operational expense of the Legislature, the court system, the colleges, hospitals, prisons, and other state functions—are programmed at \$1,607.9 million, or \$176.4 million more than the revised estimate of \$1,431.5 million that will be required this year.

### Local Assistance

This budget includes \$3,144.8 million for grants to cities, counties and special districts compared to \$2,695.5 million estimated to be expended during the

1967-68 fiscal year. This is an increase of \$449.3 million, approximately one-half of which is attributable to the new property tax relief programs.

As local governmental jurisdictions have experienced growing difficulty in coping with rising expenditure levels, state financial assistance has been looked to in ever-increasing measure as a means of relieving pressures on the local property tax. Legislation enacted last year to provide additional assistance for the support of public schools and to provide for property tax relief clearly emphasize this point.

### Capital Outlay

The third principal division of the state's budget, capital outlay, consists primarily of expenditures necessary to provide for increasing enrollments in the state colleges and the University, continued work on the State Water Project, extension and improvement of the highway system, and added recreational facilities. The total expenditures recommended from governmental cost funds are \$481.8 million, a decrease of \$61.5 million from the 1967-68 outgo. A full description of the proposed program is contained in the *Capital Outlay Budget and Five-Year Construction Program* which accompanies this volume.

### Major Recommendations

Encompassing as it does the broad spectrum of state financed programs, the full significance and impact of the budget may be grasped only through intensive and searching study of each of the many proposed items of expenditure. For this purpose, a concise explanation of programs and objectives together with a discussion of principal activities are included in each detailed budget.

To put the total budget program into an order of magnitude frame of reference and to highlight the more significant parts, this summary of major programs has been prepared as an overview. So that this material may be readily used in conjunction with the *Comparative Statement of Expenditures by Character, Function, Organization Unit, and Fund* (see page A-35) the order of discussion follows the general order of presentation in that statement. For continuity, however, both State Operations and Local Assistance are discussed together under each function.

### Judicial

Very substantial increases in workload are taking place in the Court of Appeal, Second Appellate District. To help cope with this, 3 new legal research assistants are recommended in the budget year. Funds are also provided for modest improvements to the library facilities.

Chapter 144, Statutes of 1964 provides that judges salaries will increase every fourth year by the same percentage increase as that of per capita personal income in California. The first adjustment will take place September 1, 1968 using the percentage increase between 1963 and 1967 as the adjusting factor. The

\* General Fund and special revenue funds—expenditures from bond funds, working revolving funds, utility and public enterprise funds, and federal funds are not included.

† This and subsequent amounts rounded as indicated. For exact amounts and greater detail see Schedule 3, Comparative Statement of Expenditures by Character, Function, Organization Unit and Fund, page A-35.



actual increase is unknown at this time, but it is estimated at 20.7 percent.

The balance in the Judges' Retirement Fund will not be adequate to pay the estimated benefits during 1968-69. A special budget act appropriation of \$1,170,000 is provided to assure that sufficient money will be available.

#### *Personnel Board*

In the current year the State Personnel Board will institute a work measurement program similar to the successful program currently in operation at the Franchise Tax Board. This program is scheduled to start in March of 1968 with the initial survey completed in the fall of the same year. Approximately 160 positions will be surveyed. The cost of the program, including consultant fees, will be provided by savings in the Personnel Board's budget. Other board activities are continued at approximately the same level.

#### *Secretary of State*

Chapter 1139, Statutes of 1967, expanded the Notary Public Program and placed the entire responsibility for the program in the office of the Secretary of State. The responsibility had been formerly shared with the Governor's office. Other legislation, Chapter 1556, Statutes of 1967, reduced the life of trademark registrations from 20 to 10 years and permits the registration of service marks.

#### *General Services*

This department was created in 1963 to provide centralized services necessary for the operation of state government. These services include maintenance and operation of physical facilities, planning and development, technical services, property management, and administrative services. In the budget year, significant program changes are proposed for this department to improve efficiency and economy. Major areas of change are: the San Francisco area office and central stores outlet of the Office of Procurement have been closed and significant changes in buying procedures and methods and expansion of product standards in the quality control program are in the process of being implemented; and a program is being undertaken to provide for the placement of 35 percent of all state records in record centers by 1970 and to install an effective forms management program in all agencies by 1970.

#### *State Exposition and Fair Executive Committee*

The 1967 State Fair and Exposition, the last to be staged at the Stockton Boulevard site, was presented last September. The new California Exposition and Fair, at a new location in Sacramento, will be introduced in 1968. The design and construction of the new exposition is being carried out by the California Exposition and Fair Corporation, a nonprofit corporation.

Opening day has been set for June 28, 1968, and construction of facilities is proceeding on schedule. Completion of all currently designed facilities is expected in the spring of 1969. The old site and structures

will be disposed of and the proceeds used to help finance the cost of the new exposition.

This budget provides support for the operation of the new exposition during the first year. The first year's income will not be sufficient to meet the obligations; therefore, an appropriation for a loan is necessary for support of the fair.

#### *Public Employees' Retirement System*

Chapter 84, Statutes of 1967 changed the name of this system from State Employees' Retirement System to Public Employees' Retirement System to recognize the participation of public employees other than state employees. Significant program changes occurred as the result of 1967 legislation. Following a permissive constitutional amendment, the system was authorized to invest in equity securities under specified limitations.

Also, the Meyers-Geddes Program was expanded to allow public agencies to contract for health benefits plans administered by the system. All cost incurred in administering the program will be recovered from the participating employers.

#### *Agriculture*

The Department of Agriculture continues its efforts toward eradication and control of the cotton pink bollworm, which has recently spread from Riverside and Imperial Counties into the San Joaquin Valley, the heart of the state's cotton producing area. The cotton industry is contributing to this eradication effort through cotton bale fees, which fund approximately one-half of the total program cost.

The Federal government assumed part of the plant quarantine work at California ports and airports during the current fiscal year. With this exception, activities to prevent the introduction and spread of crop and livestock pests and diseases continue at the current level.

Other public protection and producer marketing services are also maintained at current levels. New legislative measures, such as the milk pooling law (Chapter 927, Statutes of 1967), have been reflected in this budget.

#### *Corrections*

The protection of society through confinement and rehabilitation of adult felons, nonfelon narcotic addicts, and juvenile delinquents is the primary objective of the correctional institutions and agencies of state government. The 1968-69 General Fund cost of meeting this responsibility is budgeted at the \$138.9 million expenditure level. This includes \$85.7 million for the support of state prisons and rehabilitation centers and \$41.9 million for operating facilities for minors committed to the Youth Authority. In addition, \$11.3 million is proposed to assist counties for programs of mutual interest in delinquency control and probation supervision.

It is the goal of both the Department of Corrections and the Department of the California Youth Authority to effect behavioral changes in inmates and wards committed to their care so as to return them to society as responsible citizens in the shortest period of time possible. This objective is accomplished



by a continuous process of therapy and rehabilitative training while committed and through guidance and supervision while on parole.

The emphasis by both the Department of Corrections and the Department of the Youth Authority on community based treatment programs have reduced the projected state institutional expansion needs, as well as reducing the cost of correctional program to the taxpayer at the local level.

### *Department of Corrections*

Growth within this department continues to reflect primarily the state's growing population and accompanying urbanization rather than an increase in rate of commitment. The budget anticipates adding another 820 inmates to the state's average institutional population, for a total of 28,300 inmates, an increase of 3 percent over 1967-68. Inmates under parole supervision will average 15,255, an increase of 5.8 percent over the current year estimates.

The 1968-69 Budget includes funds for additional staffing at the new medium facility at Tehachapi. This staff will enable the department to increase population at this facility from 1,122 to 1,250 by June 1969. Preliminary work is also under way to provide for anticipated population growth by 1972 in southern California. A Medical Correctional Institution, with a capacity of 2,400, and programming similar to that provided by the medical facility at Vacaville is proposed for the San Diego area.

The south barracks at the Correctional Training Facility was closed this year and will remain closed through 1968-69. Construction has started on the first 2 phases of a 6-phase program for the replacement of this facility. This will increase the capacity of the prison system by 600 in 1971.

While the department is proceeding with a realignment of its bed capacity, it is continuing its effort to minimize the growth of institutions. This is being done through the use of community-based correctional resources, which emphasize the needs of the individual parolee in addition to the requirements of the society in which he lives and works.

The continued use in 1968-69 of low parole agent caseloads, through the department's "work unit" parole supervision program, will give increased help and guidance to approximately 5,200 parolees. This represents approximately 41 percent of the parolee population. In addition, the department is continuing to utilize the Work Furlough Program, authorized by the 1965 Legislature. Selected inmates are permitted to work in private industry during the day and return to a correctional facility at night. Inmates are required to pay for their maintenance, so long as they are employed. The program, in addition to its minimal cost, allows the inmate to return to the community at an earlier date as a productive member of society.

### *Youth Authority*

During the budget year, the population of the Youth Authority is expected to grow at a moderate rate; an increased average daily population of 1.9 percent over the current year is anticipated. This is significantly below increases that have been projected in past years.

Until 1965, the Youth Authority's population had risen at a rate which necessitated constructing additional capacity each year to keep pace. The Youth Authority's efforts in treating some types of offenders in the community, in lieu of institutionalization, led to the passage of legislation which provided funds to assist counties in the development of local programs. These funds now enable counties to develop special supervision programs to handle offenders who otherwise would be committed to state facilities.

The initial results of these community based programs are encouraging. Recent population figures have indicated that the commitment rate to the Youth Authority has declined. While this is due in part to a number of socio-economic factors such as full employment and a high draft rate, it is also due in some measure to the effectiveness of these programs. More counties are treating more youths in county operated facilities at substantially less cost to the state than would be the case if these youths were maintained in state operated facilities. While new facilities will be needed eventually as California's population continues to increase, the rate at which they will be needed should be much lower than has been true in the past.

In addition to the development of community based resources, new institutional methods of treatment are being developed. In the budget year, it is proposed to reclassify group supervisors and senior group supervisors to the youth counselor series as a major step towards reorganization of institutions to the treatment team concept.

Staff members in this classification will have the responsibility for the supervision of wards during their waking hours and the creation of growth-producing experiences based on everyday living situations.

A primary function of the youth counselor would be his work with groups of wards, utilizing personal relationships, planned experiences, and peer group interactions in fulfilling the treatment plans developed for each ward.

This would give caseload counseling responsibility to those custodial personnel now involved with wards on a direct treatment basis. This program was initially developed as a pilot program. It has demonstrated its effectiveness and expansion to include all of the Department of the Youth Authority institutions is proposed.

### *Local Assistance for Education*

The public schools, including junior colleges will serve 4.9 million students, or nearly 1 out of 4 persons in the state, during the current year. This increase of 4.3 percent over the 1966-67 enrollment is estimated to require a state contribution totaling \$1,225 million in 1968-69.

Chapter 1209, Statutes of 1967, provided a major augmentation in the state support for public schools beginning with the 1967-68 fiscal year. The new law authorizes an additional \$145 million in local assistance: \$130 million for equalization aid, supplemental aid and special education allowances; and \$15 million in direct appropriations for special programs in reading, mathematics and for the Children's Centers. The Department of Education states that no firm



estimates can be made on apportionment costs as modified by Chapter 1209 until mid-February. The continuing and Budget Act appropriations for the various allowances in school apportionments are expected to require an expenditure of \$1,250,000,000 in 1968-69 using the costs of Chapter 1209 as estimated by the Legislature at the 1967 session.

Chapter 1634, Statutes of 1967, revised the Miller-Unruh Basic Reading Act of 1965 by removing the 50 percent local support requirement, so that the state now pays the entire allowance for those districts receiving equalization aid. The program is estimated to require an expenditure of \$11 million in the current year and \$16 million in the budget year.

An appropriation of \$14,250,000 is proposed in 1968-69 to finance the cost of special programs for the educationally handicapped compared to the \$9,250,000 provided in the current year. An appropriation of \$750,000 is proposed to reimburse school districts for instructional television costs as authorized by Chapter 1236, Statutes of 1965. An additional appropriation of \$925,000 is proposed for the costs of the new mathematics program authorized by Chapter 1209, Statutes of 1967.

The budget provides \$21 million for the furnishing of textbooks and literature, including \$11 million for new adoptions in reading and literature. The selection process for this adoption is now underway and will result in one of the largest adoptions in the history of the textbook program.

Debt service on public school building bonds will increase to \$95.7 million in 1968-69, of which \$54.5 million will come from the General Fund. This program has enabled construction of nearly 55,000 classrooms to house over 1.8 million students since its beginning in 1947.

An appropriation of \$14.6 million is proposed for the operation of the Children's Center Program, including \$3 million for the operation of the developmental centers for handicapped minors. Chapter 1636, Statutes of 1967, increased the state support for the children's centers and the current year appropriation was augmented by Chapter 1209, Statutes of 1967, with an appropriation of \$4.6 million. Chapter 1538, Statutes of 1967, authorized additional developmental centers and provided an appropriation of \$2.2 million to increase the state support for this program also.

The 1968-69 Budget includes \$800,000 for assistance to public libraries as authorized by the Public Library Services Act. Amendments to the act in 1966 increased the authorized level of assistance and modified the criteria for per capita grants.

State level activity in compensatory education is budgeted at \$11 million for 1968-69 for class-size reduction, demonstration programs in reading and mathematics in grades 7, 8, and 9, and for improved teacher training. Federal funds in excess of \$79 million are expected to be available in the budget year for programs in compensatory education including \$1.7 million for the education of the children of migrant farm workers, \$2.5 million for the physically handicapped, and \$74.5 million for the ongoing programs in compensatory education.

Title II of the Elementary and Secondary Education Act of 1965 is anticipated to provide some \$9

million in federal grants to improve the school library resources of the state.

### *Department of Education*

The administration and general supervision of public education through the secondary level is the responsibility of the Department of Education. Chapter 1549, Statutes of 1967, provided for a Board of Governors of the Community Colleges and transferred the responsibility for administration of the junior colleges from the Department of Education to the new board. The major programs administered by the department are: apportionment of funds for public school support; selection, procurement and distribution of free textbooks for the elementary grades; leadership and direction for various programs in subject matter instruction; and direct administration of the special schools and facilities for the handicapped.

The department also acts as the cooperating agency in such federal-state cooperative programs as vocational education, national defense education, the distribution of surplus property, and the Elementary and Secondary Education Act. The latter act is expected to provide in excess of \$3.2 million in the budget year for the administration of compensatory education, school library resources, strengthening of the State Department of Education and special education programs for the physically handicapped.

A 2-year study of the Department of Education by a consulting firm was completed in the current year. This report defines the role of the several administrative units in the public education system and makes recommendations to improve the present system. Some of the recommendations are already being implemented, however, others will require changes in the Education Code. It is expected that the department will sponsor legislation to implement the necessary changes during the 1968 Legislative Session.

### *University of California*

In the 1968-69 academic year the continuing operations portion of the budget provides for a total of 90,108 full-time equivalent (FTE) students. This is an increase of 3,086 FTE students or 3.6 percent over the 87,022 programmed in the 1967-68 academic year. For the full year, including the summer quarter, it is planned that there will be a total of 96,601 FTE students which is an increase of 6,137 or 6.8 percent over the 90,464 programmed in the current fiscal year. The difference in the increases between the traditional 9-month academic year and full-year enrollments, including the summer quarter, is the 3,051 estimated enrollments for the fourth quarter operations at the Berkeley and Los Angeles Campuses. The major part of this increase is the 3,043 estimated enrollments at the Los Angeles Campus. To finance the first full-year operating costs of the summer quarter operations in 1968-69 at Los Angeles, an additional \$5,006,000 from the General Fund is included in the budget.

The total expenditure program of the University for support is over \$883,000,000 of which about \$440,000,000 is excluded from the budget as the funds are under the exclusive control of the Regents and are composed primarily of federal funds for contracts and grants. Included in the budget is a total of over



\$443,200,000 in expenditures in 1968-69, an increase of \$25,900,000 over 1967-68.

To finance this level of expenditures in 1968-69 the General Fund will contribute over \$280,000,000, which is an increase of \$36,600,000 over the \$243,400,000 authorized for 1967-68. This increase includes a restoration of \$20,800,000 which the Regents contributed toward the 1967-68 expenditure program of the University.

### **State Colleges**

The State College System is one of the fastest growing and largest single complexes for higher education in the nation. The individual colleges each with a geographic, curricular, and academic character of its own, offer basic programs in liberal arts. Beyond this, each college provides individualized academic opportunities to the student population of the state.

Increased enrollment at the 19 state colleges for 1968-69, as has been the case for several years, is the major factor in the higher expenditure program for the system. Enrollment projections for the budget year indicate a total of 156,265 FTE students, representing an increase of 12,145 FTE over the current year estimates. In broad terms this increase represents the total enrollment of a large size college or university. Summer quarter enrollment estimates (included in the figures above) also indicate substantial growth from 3,605 FTE in the current year to 4,175 FTE in the budget year, or an increase of 570.

The expenditure program for the system is approximately \$224.3 million. This amount consists of nearly \$217 million for workload of which \$209.8 million is appropriated separately and \$6.7 million which is included in one of two augmentation items. The \$6.7 million, which represents the cost of 5,030 additional FTE over the original projections, would normally be included in the workload appropriation. However, late projections necessitated its inclusion as an augmentation item. The augmentation items, which amount to \$7.7 million, include funds for merit salary adjustments, faculty staffing improvement, price increases, and expansion of the data processing system.

Chapter 1543, Statutes of 1967, provided for the establishment of the State College Extension Program Revenue Fund which is shown for the first time in the Governor's Budget. This law became effective January 1, 1968, and is shown separately in the current year at one-half the program level and full program level in the budget year.

It should be noted that this budget does not contain funds for additional conversions from the traditional semester system to the 4-quarter system. Recent experience has indicated that further detailed study of the fiscal aspects of the quarter system is warranted. Accordingly a 1-year moratorium on conversions is planned.

### **State Teachers' Retirement System**

Chapter 1476, Statutes of 1967 amended the provisions for administrative support of the system from 100 percent General Fund to 50 percent General Fund, 25 percent teacher members and 25 percent school district support. This legislation becomes operative on July 1, 1968, and the change is reflected

in the budget year. The revised funding of support of the system has brought about a significant increase in the level of service to both members and school districts. A major item for the 1968-69 fiscal year will be the addition of programmers and systems analysts required to establish monthly reporting of teacher contributions. In addition, general administrative support of the system will be improved in the budget year.

During 1968-69 the state will contribute \$71.5 million for the major share of benefits for approximately 41,000 retired teachers.

### **Employment**

Although the State Department of Employment is supported largely from federal subventions and trust funds and such expenditures are not included in the budget totals, the size and significance of this agency justifies its review here. Program costs, which will increase from \$794 million in 1967-68 to \$830 million in 1968-69, include an increase of \$21.5 million in unemployment benefit payments, and an increase of \$10.6 million in disability insurance benefit payments.

Of continued significance in the programs of this department are the job training activities being conducted under provisions of the Federal Manpower Development and Training Act in cooperation with the Departments of Education and Industrial Relations. It is estimated that 22,800 trainees will be enrolled in courses under these programs in 1968-69.

The department will continue to stress the employability of hard-core unemployed and other workers, especially youth, through employment counseling, referral for training and basic education under such programs as the Job Corps and the operation of youth opportunity centers.

Estimated cost for administration of the job training programs and development of employability of the hard-core unemployed is \$4.7 million. Training allowances of approximately \$17.5 million will be allocated to enrollees in the program. This includes an allowance cost per trainee, based upon Congressional intent to provide funds for basic education and job training for the unemployed.

The department, by the establishment of a separate and identifiable Farm Labor Service Division, has made improvements in securing job orders from employers and developing supplies of qualified farm labor.

### **Air Resources Board**

The 1967 Legislature created an Air Resources Board to develop and administer a statewide Air Resources Program which would include such activities as developing air standards, surveillance of air quality, checking on devices to purify air, and other related activities. In 1967-68 expenditures for this program will amount to \$550,000 and in 1968-69 \$1,677,700. The \$1,677,700 proposed for 1968-69 represents \$594,700 from the General Fund and \$1,083,000 from the Motor Vehicle Fund.

Inasmuch as the board was appointed midway in the 1967-68 fiscal year, it has not had an opportunity to develop any overall plan for program development. It is anticipated that such planning will be accom-



plished in 1968 and reported to the Legislature in the 1969-70 budget.

### *Mental Hygiene*

The population in the hospitals for the mentally ill continues to decline at a rapid rate. From an all-time year end high of nearly 36,800 mentally ill patients on June 30, 1959, it is estimated that the number of patients will decline to 16,003 on June 30, 1969. This reduction of almost 21,000 (57 percent) in a span of 10 years is primarily attributable to: (1) the establishment and growth of local assistance to community mental health programs (Short-Doyle program); (2) development and increased use of tranquilizing drugs; (3) retention of the treatment staff as the population declined providing a more effective staff to patient ratio and; (4) alternative methods of care through other programs.

Admissions to the hospitals for the mentally ill continue to increase. The 1968-69 estimate of 30,834 admissions to the hospitals for the mentally ill is an increase of 806 (2.7 percent) over the 1967-68 revised estimate.

The 1967-68 budget implemented position reductions in the hospitals for the mentally ill in recognition of dramatic decreases in average caseload while retaining the July 1, 1966 level of care. This budget proposes to continue this concept into 1968-69 and position reductions are scheduled in the hospitals for the mentally ill in proportion to the decline in average daily population. An augmentation of certain treatment positions is proposed to improve the quality of treatment for those patients requiring intensive care.

The population in the hospitals for the mentally retarded will increase to 13,609 in 1968-69. This represents an increase of 290 (2.2 percent) from the previous fiscal year and is largely due to the full implementation of the Camarillo Mental Retardation Program. As a result of this new program the waiting lists at Fairview and Pacific State Hospitals have been substantially reduced. Additional nursing staff is proposed in this budget for the hospitals for the mentally retarded in recognition of a patient population which is becoming increasingly difficult to treat.

The Neuropsychiatric Institutes at the University of California at Los Angeles and at the University of California Medical School in San Francisco provide facilities for research and training in the prevention and treatment of mental illness and mental retardation. The inpatient facilities for the major mental retardation addition to the Neuropsychiatric Institute, UCLA is scheduled for operation in the spring of 1969. This budget includes the funds necessary for implementing that program. The outpatient phase will be commenced in the spring of 1968.

Assistance to local communities in the development of mental health programs under the California Community Mental Health Program has assumed a major role in reducing the population in the hospitals for the mentally ill. The 1968-69 budget provides for the continuation of this program with an additional \$3,599,000 in state funds and \$1,000,000 in federal funds through the Medical Assistance Program. Initiated by legislation in 1957, it is estimated that this program will require \$27,500,000 from state funds in 1968-69.

The California Mental Health Act of 1967 takes effect 61 days after the end of the 1968 legislative session. It is expected that this act will have significant impact on the existing mental health program in California.

### *Public Health*

Under the terms of 1965 legislation, the Department of Public Health is responsible for operating regional diagnostic and counseling centers for mental retardation. Two such centers have been established, one in San Francisco and one in Los Angeles. This program includes payment for the care of the mentally retarded in the local community when care would otherwise have to be provided in a state hospital. Budget year expenditures are estimated at \$1.6 million for services to some 500 affected individuals and their families.

Funds to extend the local alcoholism treatment and rehabilitation program, scheduled to terminate June 30, 1968, have been included in the 1968-69 Budget on the same basis as they were budgeted in 1967-68 pending a report to be made to the 1968 Legislature evaluating the program and suggesting changes. Modifications will be made to the Budget to reflect whatever changes are made by the Legislature in this program.

The 1967 Legislature created a comprehensive Health Planning Council to develop a comprehensive health plan for the state pursuant to the provisions of the Federal Comprehensive Health Planning Act. The Governor issued an Executive Order designating the Department of Public Health as the single state agency responsible for administration of Comprehensive Health Planning Act funds. In 1967-68, a total of \$3,486,600 will be received by the state under Section 314(d) of the federal law, and it is anticipated that a like amount will be received in 1968-69.

The Department of Public Health is continuing to carry out the assigned responsibilities under Title XVIII of the Federal Medicare Act (Public Law 89-97) and those assigned by the Secretary for Human Relations through the Office of Health Care Services.

### *Rehabilitation*

The budget of the Department of Rehabilitation shows continued expansion with no increase in General Fund appropriation. This is the result of the department's ability to attract additional federal funds with third party funds for state rehabilitation programs. The alcoholic rehabilitation program expanded in the 1967-68 Budget will reach its authorized level in 1968-69. The budget presentation does not provide for the total expenditure of California's allocation from federal vocational rehabilitation funds. The administration is preparing a program for presentation to the Legislature that delineates the utilization of the balance of the federal allocation. The plan to be proposed places strong emphasis on the rehabilitation of public welfare recipients.

The department's statistical and accounting records are being converted to an automated data processing system to fulfill new federal reporting requirements which can be effectively obtained only by an automated system. The cost of this system is par-



tially offset by reduced manual work now performed in decentralized field offices.

#### **Medical Assistance Program**

The California Medical Assistance Program, established in accordance with 1965 legislation, takes the place of the Public Assistance Medical Care Program and the Medical Assistance for the Aged Program. Total expenditures for this purpose during 1968-69 are projected at \$945.2 million—\$336 million from state funds, \$386.3 million from federal funds, and \$222.9 million from county funds.

#### **Social Welfare**

Economic assistance plus an array of social services for the aged, the handicapped and the needy will require \$487.3 million from state funds during 1968-69 or \$47.8 million more than comparable expenditures in the current fiscal year. Population growth, cost-of-living increases prescribed by law, and more numerous applications induced by the Medical Program, are the principal causes of the higher costs.

During 1967-68 expenditures for public assistance programs amount to \$409.4 million from state sources—\$2.6 million less than the limitation contained in the Budget Act of 1967.

Average monthly caseload for all assistance programs is expected to exceed 1.4 million cases in the budget year or 143,000 more than this year. By June 1969, the total number of persons receiving some form of aid is estimated to reach almost 1.5 million.

#### **State Controller**

Government Code Section 12427 (added by Chapter 963, Statutes of 1967) requires the State Controller to audit all the records of the Department of Finance for the preceding fiscal year prior to the first day of November. A report of the audit must be submitted to the Legislature on the first day of the ensuing regular session of the Legislature. A new Fiscal Audit Unit has been established in the State Controller's Office for this additional workload.

#### **Board of Equalization**

The 1967 Legislature made significant changes in many taxes administered by the Board of Equalization. Tax rates were increased in the following areas: sales tax, cigarette tax and distilled spirits tax. Other changes include (1) an exemption of the sales tax increase for certain materials and fixtures used in construction contracts entered into prior to August 1, 1967, (2) the prepayment of the 1-cent local sales tax by accounts already subject to the state sales tax prepayment program, and (3) providing assistance on a reimbursable basis to local governments levying a property transfer tax.

#### **Department of Finance**

The Department of Finance has general supervision over the fiscal affairs of the state and in addition, undertakes studies relative to statewide planning, coordinates local community planning, evaluates state

programs and policies, and serves as a consultative resource to the Governor.

Staff has been added to the Budget Division to meet the conditions of Chapter 963, Statutes of 1967, which requires additional reports concerning the state's cash position, cash flow, borrowing capacity and accounts payable.

#### **Franchise Tax Board**

Tax legislation passed by the 1967 Legislature increased both the Personal Income Tax rate and the Bank and Corporation Tax rate and required a prepayment of personal income tax for taxpayers whose obligations exceed specified amounts. A senior citizens program was also initiated to provide partial reimbursement of property taxes to senior citizens having annual incomes less than \$3,350.

The Work Measurement and Control Program authorized by the 1966 Legislature is on schedule both as to units measured and achievement of anticipated savings. Savings for 1967-68 will at least equal the \$403,200 reduction made in the 1967-68 Budget and savings reflected in the 1968-69 Budget come to a total of \$788,780.

Funds are provided in the 1968-69 Budget to expand the filing enforcement program to identify nonfilers who are employed by more than 1 employer and earn less than an amount that creates a tax liability from each of the employers but whose total income is sufficient to require that a return be filed. Additional revenue from this activity will greatly exceed the additional costs.

#### **State Treasurer**

In the 1967-68 fiscal year the Legislature added \$48,000 to the Treasurer's budget for study and installation of a data processing system. The preliminary study has been completed and installation of the system is planned for the current fiscal year. The system is anticipated to be fully operational during the budget year.

#### **Industrial Relations**

The Department of Industrial Relations contributes toward improvement of working conditions of wage earners in the state, including negotiations of labor disputes, adjudication of claims under the Workmen's Compensation Law, and the enforcement of standards of safety in all phases of industrial activity.

The work injury rate in California increased from 31.3 injuries per 1,000 employees in 1965 to 31.8 injuries per 1,000 in 1966. The size of the labor force and the number of employed workers increased in 1966 over the previous year.

The on-the-job training program under the Federal Manpower Development and Training Act increased in 1967-68 to \$794,431 and is continued at the same level in the 1968-69 year.

The Apprenticeship Information Center program, conducted in cooperation with the Departments of Employment and Education, continues to operate at 7 locations throughout the state.

The department has been designated as the official state agency for administration of the federal Veteran's Pension and Readjustment Assistance Act of



1967, designed primarily to furnish apprenticeship and other on-the-job training services to Vietnam veterans. Negotiations are now under way for implementation of this program.

### Justice

The workload of the Department of Justice is to a considerable extent related to the growth of the state and its government because of the attendant increase in the civil and administrative legal problems of state departments, boards, and commissions. Criminal activity also has an effect on the workload of the department in the area of law enforcement.

The number of civil law cases increased from 4,350 in 1965-66 to 4,840 in 1966-67, an increase of 11 percent. The number of pending civil law cases was 5,033 on June 30, 1966, and 5,665 on June 30, 1967, representing an increase of 13 percent.

The number of criminal cases increased from 6,907 in 1965-66 to 7,594 in 1966-67, or an increase of 10 percent. The number of pending cases was 3,700 at the end of 1965-66 and 4,528 at the end of 1966-67, up 22 percent. Of the total number of criminal cases, writs and appeals accounted for 5,037 and 5,414 of the cases in 1965-66 and 1966-67 respectively, or approximately 70 percent of the total caseload.

The Attorney General is successfully concluding a major antitrust action against manufacturers of concrete pipe. All defendants except one agreed to a settlement in May, 1967. The settlement resulted in recovery of \$21 million with about \$5 million accruing to the state and the balance to local districts. All expenses incurred by the state in this litigation were recovered.

In the area of law enforcement, a principal contribution of the Department of Justice is that of providing data and services connected with criminal identification and investigation and the exchange of information with local law enforcement agencies. To improve effectiveness and responsiveness in this area, the department is applying automatic data processing technology.

In January 1966, a computer was installed and many files converted to it. A second computer was installed in March 1967, which connected the department's data processing system to the National Crime Information System operated by the Federal Bureau of Investigation. Currently, information pertaining to stolen property, weapons, and wanted persons is being exchanged with the federal government.

The Criminal Justice Information System Design Study is estimated to be completed by March 31, 1969. All related positions are to be abolished on completion of the study.

Consistent with the recommendations of the President's Crime Commission, provision is made for the establishment of an Organized Crime Unit with 18 positions. This unit will handle activities dealing with organized crime and racketeering, providing the public an agency with whom they can communicate their knowledge, fears, or suspicion of activities of organized crime. The unit will correlate scattered accumulations of intelligence data to cope with the increasing crime problem including the new factors of civil rights violence and the growing presence of an atmosphere attractive to organized crime.

The Bureau of Narcotic Enforcement is being expanded to accommodate increasing activity in narcotics and dangerous drugs. Drug arrests by state agents during the past year amounted to 2,649, up 69 percent from the preceding year's arrests of 1,567.

Through the programs of the Commission on Peace Officers' Standards and Training, a total of 2,985 officers were trained, 389 jurisdictions were eligible for state assistance for peace officer training, and \$771,921 was paid to local jurisdictions in 1966-67. In 1967-68 it is anticipated 3,535 officers will be trained and \$1,873,700 allocated to local jurisdictions. The 1968-69 program plans for the training of 4,000 officers and reimbursements to local jurisdictions of \$2,156,000.

### Banking

The State Banking Department is responsible for administration of the laws of the state as they relate to state-chartered banks and trust companies and to the banking and trust businesses in general.

The Banking Law, which was last revised in 1949, will be reviewed during the coming year. A commission composed of representatives from government, the banking profession, and the public has been appointed to assist the Superintendent of Banks in an advisory capacity. Legislation may be proposed at the 1969 session for revision of this law.

While the number of state banks has remained relatively constant in recent years, the number of branch offices and the total resources of these banks have increased steadily. During 1966-67 an additional 56 banking offices were opened, making a total of 820 such offices in the state. In 1967-68 and 1968-69, approximately the same number of additional offices are anticipated. At the end of 1968-69, it is expected there will be over 920 state banking offices serving the public.

### Corporations

The Division of Corporations is responsible for the protection of the public in the sale of securities and the prevention of fraudulent, usurious, or injurious activities under a series of laws which regulate certain companies engaged in the lending or fiduciary business activities.

A new corporate securities law has been proposed to become effective January 1, 1969. While the proposed act preserves almost intact the powers and purposes of the law which has served California for 50 years, it takes into account administrative experience which has demonstrated that in certain areas extensive regulatory procedures are not necessary for the protection of the investor, and shifts the emphasis of the regulatory effort from those areas into areas which, by reason of economic, sociological and technological changes have become areas of potential fraud outside defective regulatory effort under the present law. In other words, the proposed act would modernize our corporate securities regulatory system in California, bring our administrative efforts to bear on the problem areas of present day securities transactions and enable the Division of Corporations to more effectively and realistically cope with those problems.



## **Insurance**

The main function of the Department of Insurance is protection of the general public against fraudulent or financially irresponsible actions on the part of any segment of the insurance industry, and the collection of over \$100 million in revenue to the General Fund from the insurance premium tax.

Although the expenditure program is continued at the existing level, additional revenue or other corrective action will be necessary to provide funds for operation of the department.

## **Real Estate**

The main function of the Division of Real Estate is protection of the general public in real estate transactions.

Tight money and an oversupply of housing units combined to sharply depress the number of real estate transactions during the past 2 years. In recognition of this reduced workload, 26 positions were abolished in the current year and an additional 22 positions are proposed to be abolished in 1968-69.

Real estate activity has increased significantly in the past few months and fairly normal market conditions are anticipated by the end of the budget year. The 258 positions proposed will be sufficient for these conditions.

## **Savings and Loan**

The number of state-licensed savings and loan associations continues to decline primarily owing to mergers, but the number of branch offices has increased. The number of associations has declined from 202 in 1965-66 to 193 in 1966-67 and it is anticipated there will be 192 at the end of the budget year. The number of branches, during the same period, have increased from 290 in 1965-66 to 339 in the past year and a total of 343 are expected by the end of 1968-69.

## **Professional and Vocational Standards**

The Department of Professional and Vocational Standards coordinates and supervises the administrative and fiscal affairs of 31 boards, bureaus and commissions and various additional committees, as well as 4 departmental divisions. The 31 boards, bureaus and commissions are responsible for regulating in excess of 750,000 persons practicing more than 50 professions and vocations in the State of California.

Significant among the changes in the current and budget years are the inclusion of Bureau of Employment Agencies and the function of licensing clinical social workers.

## **Public Utilities Commission**

In the past year the Public Utilities Commission continued to obtain reductions of millions of dollars in utility charges while holding increases in rates for transportation to a minimum consistent with increasing costs of operation, particularly wages and related items.

Investigation into earnings of major regulated utilities resulted in substantial rate reductions during the past fiscal year. Reductions totaled \$33,-

\$11,000 while increases granted totaled \$24,228,000 for a net reduction of \$9,583,000. In addition utilities have made provision to refund to their gas customers an amount of \$3,000,000 during 1967. One case now before the courts, involving out-of-state gas supplies, is expected to result in refunds to California consumers of as much as \$40,000,000 and annual savings of \$10,000,000.

The commission staff has developed a new distance table which reflects changes in highways and roads that affect "constructive mileage" distances between shipping and receiving points throughout the state. The new table contains 280,000 mileages between points in California. During the past year 4 new passenger airlines were certificated and 2 new routes granted to Pacific Southwest Airlines. Direct nonstop service from Sacramento to Los Angeles and San Jose to Los Angeles was inaugurated.

## **Conservation**

The principle objective of the Department of Conservation is the conservation, development, and wise utilization of the state's natural assets in forests, soils, and mineral resources. To achieve this objective, the department proposes to spend \$36.8 million in state funds to administer 3 major programs: Fire Protection, Conservation Camps, and Land Use Development and Management.

The Fire Protection program, largest in terms of manpower and dollars, provides protection for over 38 million acres of public and private lands. Of this, approximately 9.5 million acres of federal and local responsibility land is protected under contract arrangement with the U.S. Forest Service and the Counties of Los Angeles, Santa Barbara, Ventura, Kern and Marin.

The Conservation Camp program provides a trained fire fighting force as well as providing 1.1 million man-days of work on fire breaks, streams, and park sites through utilization of 2,380 inmates and 320 wards of the state correctional system. This program also provides an environment in which a conservation-oriented living and work experience is used to assist in the rehabilitation and training of these men.

The Land Use Development and Management program provides for the integrated and prudent use of the state's natural resources. The Division of Soil Conservation provides assistance to local governments in carrying out soil and water conservation activities and in developing solutions to watershed management problems. Forest aspects of reforestation, forest and brush advisory services, forest management, demonstrations and forest practice regulations, as well as watershed management and research are coordinated by the Division of Forestry as part of this overall program.

The Division of Oil and Gas regulates conservation and utilization of oil, gas, and geothermal resources while other mineral resources are explored, investigated and reported by the Division of Mines and Geology.

## **Fish and Game**

The objective of the Department of Fish and Game is to insure the perpetuation and enhancement of fish and wildlife for the present and future use and for the enjoyment of the citizens of the state.



To accomplish this, the department proposes spending \$14.1 million in state funds during 1968-69. The 5 programs are: enforcement, game management, inland fisheries, marine resources, and water projects and water quality.

The enforcement program accounts for approximately one-third of the department's budget. The objective of this program is to assure that the provisions of the Fish and Game Code are enforced to a degree that will insure that wildlife resources may be utilized and enjoyed by all people in a manner appropriate to the welfare of the general public.

The inland fisheries program is directed toward providing diversified and satisfying fishing for California anglers while insuring the perpetuation of the state's native fisheries. In 1968-69, California's anglers will devote 15.6 million angler-days to fishing for various species. As the wild fisheries of the state are not adequate to meet this demand and assure a sustained yield, hatcheries will continue to be built and operated to supplement the natural propagation of sport fishes.

Wildlife preservation and enhancement is a companion program to the inland fisheries program and is concerned with the perpetuation and conservation of native habitat, establishment of bag limits, disease control, and research to satisfy game requirements for the 4 million recreation-days enjoyed by California hunters.

The marine resources program, comprising nearly one-quarter of the budget, includes studies on population dynamics and structure, ecology, life history and behavior of the many marine species existing in our coastal waters with the objective of maximizing fishery harvests to prevent depletion of this resource.

The fifth program—water projects and water quality review—concerns itself with review of highway construction activities, as well as, federal and state water projects which may affect fish and wildlife resources and provides technical services to other public agencies having statutory responsibilities for protection of these natural resources.

#### **Harbors and Watercraft**

The objectives of this department are to develop and improve boating facilities and protect lives and property of persons engaged in boating activity and encourage uniformity in boating laws. These objectives are accomplished through two basic programs—boating facility development and boating regulations.

The 1968-69 fiscal year budget provides funds to continue these programs, and to meet additional expenses due to the growth of the recreational boating fleet and for the triennial boat registration renewal. Funds provided for boating facility development total about \$5 million for the budget year. The principal source of funds for this activity is the tax paid on fuel purchased for use in boats.

#### **Parks and Recreation**

The Department of Parks and Recreation will require \$15.9 million in the 1968-69 fiscal year support budget to continue making recreational facilities available to the people of the state. These facilities

include over 7,000 campsites, 5,000 picnic units and 60 miles of beaches.

The demand for, and the use of these facilities can be best demonstrated by the increasing number of state park visitors. Attendance at state recreational facilities has been increasing about 10 percent annually.

The ability of the State Park System to meet this increasing demand has been enhanced by the passage of the State Beach, Park, Recreational, and Historical Facilities Bond Act of 1964. The department's acquisition and development program is continuing and by June 30, 1969, the \$100 million backlog that existed in the 1966-67 fiscal year should be eliminated. This will require an expenditure level of over \$30 million annually.

The department's planning activities will continue in the 1968-69 fiscal year to assure that further recreational demands can be met.

The department also provides financial assistance to local governments by administering the recreational grant program pursuant to the State Beach, Park, Recreational, and Historical Facilities Bond Act of 1964, and by administering the Federal Land and Water Conservation Fund recreational grant program. These 2 local assistance programs are continued in the 1968-69 budget.

#### **Water Resources**

The objective of the 1968-69 expenditure program of the Department of Water Resources continues to be the maximum beneficial use of California's water. The California Water Project is on schedule. Approximately 75 percent of the project is completed or under contract. Work on the project is steadily moving southward to the Tehachapi Mountains and southern California.

Construction of Oroville Dam, the key structure of the project, was completed in November 1967. Storage of water has commenced in the reservoir which has a capacity of 3½ million acre-feet. In late 1967, a contract was executed with 3 private utilities companies for the sale of the power to be generated at the Oroville and Thermalito power plants. The contract provides for the payment of \$16,150,000 annually for the power and these funds will be available to support the issuance of revenue bonds to obtain funds for the construction of additional project facilities. Work on the California aqueduct continued to progress. The aqueduct is now capable of delivering water some 200 miles south of the delta pumping plant.

Expenditures for the California Water Project in 1968-69 will total about \$415 million, an increase of approximately \$37 million over 1967-68 estimated expenditures. The increased expenditures are attributable to the construction of major features of the project as it moves into the southern area of the state. Expenditures are expected to reach a peak in the 1968-69 fiscal year and subsequent years will reflect a gradual lowering in the level of expenditures as facilities are completed and the project assumes an operational posture. During the budget year, \$100 million of general obligation bonds and \$150 million of revenue bonds will be sold.

General departmental planning will continue to emphasize investigation of statewide water needs. State



financial assistance for local projects under the Davis-Grunsky Act will continue with loans estimated at \$4.9 million and grants of \$10.4 million programmed in 1968-69.

#### *State Water Resources Control Board*

The Legislature, in the 1967 session (Chapter 284), established the State Water Resources Control Board. This new board assumed the responsibilities of the former State Water Rights Board and the Water Quality Control Boards on December 1, 1967. The San Francisco Bay-Delta Water Quality Study is also carried out within this agency. The board was formed in the Resources Agency and will provide for consideration of water pollution and water quality whenever applications for appropriating water are granted or waste discharge requirements or water quality objectives are established. Expenditures of \$3,215,000 are proposed for 1968-69.

#### *Business and Transportation*

Under the direction of the Secretary for Business and Transportation are a number of special services and studies which are included in the budget for the first time.

The Office of Management Services has been established in the current year as an administrative adjustment. This office has been established to develop plans for overall consolidation and optimum utilization of automatic data processing systems and to serve as advisory staff on matters pertaining to information systems and data.

The Studies of Traffic Safety and Alcohol (Chapter 1626, Statutes of 1967) and Medical Aspects of Traffic Safety (Chapter 1714, Statutes of 1967) as parts of the Highway Safety Program are proposed to be continued through 1968-69.

#### *Division of Aeronautics*

Chapter 317, Statutes of 1967, established the Division of Aeronautics directly under the authority of the Transportation Agency rather than in the Department of Public Works.

The Division of Aeronautics has been delegated authority and responsibility for the promotion, development, and protection of the aviation and aeronautical interests of the state.

Included in the 1968-69 budget of the Division of Aeronautics is \$160,000 for the development of a master airport plan for California. This plan would replace the existing plan which was developed in 1947. Also included is \$75,000 for the rental of a navigational system as authorized by Chapter 1638, Statutes of 1967.

#### *Highways*

The state highway budget is prepared under the direction of the State Highway Commission. In accordance with law, the highway budget, as adopted by the commission, is submitted to the Legislature without modification by the Governor. It is included in this presentation to provide a comprehensive report of state expenditures.

The budget provides \$97.3 million for direct state operations. Included within this amount is \$20.3 million for support, \$57.2 million for highway maintenance, \$10 million for maintenance of roadside rests, \$4.5 million for highway research and development, and \$3.8 million for support of the Division of Bay Toll Crossings. The state highway budget also provides \$314.4 million for road purposes other than state highways. The larger of these nonstate highway items are \$81.2 million for construction and rights-of-way for streets and roads on the select system of city streets and county roads, \$126.9 million for improvements and maintenance work on county roads plus \$86.3 million for improvements and maintenance work on city streets, augmented by \$8.5 million in federal funds for the Federal Aid Secondary System.

#### *California Highway Patrol*

An increase of \$7.3 million is proposed over the current year expenditures of the Highway Patrol, bringing the cost of this function to \$93.1 million. Most of this increase is to finance the final phase of the expansion directed by Chapter 2031, Statutes of 1965. Included are 500 uniformed positions to be used for "road patrol" and "enforcement" plus the necessary supporting staff and expenses.

#### *Department of Motor Vehicles*

Expenditures for activities of the Department of Motor Vehicles are proposed at approximately 5.5 percent above those of the current year. The increase in funds primarily is due to workload increases. However, an increase of \$650,000 is provided for another step toward full conversion to automated data processing.

#### *Military Department*

The Military Department is responsible for organizing and directing the activities of the California National Guard. The National Guard is subject to federal mobilization in time of national emergency, but otherwise is available to the Governor for military support of civil authority. This budget proposes continued support at approximately 5 percent above the level for the current year. Included in the budget is an additional position for military intelligence training and control plus funds for additional communications equipment to be used in civil disturbance activities.

The California Cadet Corps provides a program of military education in the high schools and junior colleges. Its objectives are to develop leadership, instill a sense of patriotism and respect for constituted authority and to provide knowledge of the limited role of the military in a democratic society. The budget proposed for this activity is approximately \$81,000.

#### *Disaster Office*

Recent disasters—both man-made and rampages of nature—have proven the need to maintain the Disaster Office in a state of readiness to allow it to perform the role for which it is responsible. This budget proposes continued support of this agency at substantially the same level as the current year. Included

within the proposed budget is approximately \$30,000 for riot control equipment and \$8,000 for additional communications equipment.

#### **State Fire Marshal**

The office of the State Fire Marshal has responsibility of protection against the loss of life and property from the effects of fire, panic, and explosion.

Two positions have been added in the budget to meet increased workload in the areas of regulation and inspection of organized camps and places of public assembly. Responsibility in these areas has been increased by provisions of Chapters 1552 and 1696, Statutes of 1967.

#### **Personal Services Not Elsewhere Reported**

Legislation will be proposed during the 1968 Session to provide for cost-of-living increases for retired state employees. The increases will generally correspond to price increases as measured by the consumer price index and will range from 12 percent for those who retired on or before December 31, 1961, to 2 percent for those who retired between January 1, 1966, and December 31, 1966. The annual cost of \$3,200,000 will be borne by the state. The intent of this legislation is to maintain the purchasing power of retired state employees.

#### **Debt Service**

In total, \$87 million will be required during 1968-69 to meet the costs of borrowing. Redemption and interest payments on general obligation bonds will amount to \$76.2 million—an increase of \$8.4 million over the current year. Interest on loans to the General Fund from other treasury funds will decline from the \$14.6 million high reached in the current year to \$12.8 million in 1968-69 reflecting the scheduled repayment of outstanding loans.

#### **Salary Increases**

The Personnel Board's annual report to the Governor and the Legislature included a finding that private industry salary levels increased 2.8 percent between March of 1967 and October of the same year. On the basis of the accelerated rate of increase observed in recent years, it is evident that state salaries will lag 5 percent behind generally prevailing rates by July of 1968. A General Fund appropriation of \$27.3 million has, therefore, been included in the budget so that

reasonable parity with salaries paid by other major employers may be maintained for civil service and related classes. In addition, \$32.3 million is budgeted from special and other state funds for comparable increases for employees paid from these sources.

Appropriations totaling \$27.6 million are recommended to provide increases in the salaries of employees of the University of California and the California State Colleges.

#### **Property Tax Relief**

In keeping with the intention announced last year \$216.1 million has been earmarked in this budget to reduce the tax burden of property owners. Of this total \$194.1 million is for general property tax relief and \$22 million for lessening the taxes on the property of the elderly. Recommendations as to how to accomplish this purpose will be submitted soon.

#### **Earthquake and Storm Damage**

In 1966-67, expenditures of over \$1.1 million were made within this program primarily to repair and restore streets, roads and bridges damaged or destroyed by storm and flood conditions. In 1967-68, it is estimated that approximately \$2.9 million will be expended for repairing and restoring damage to public real property. No expenditures are anticipated in 1968-69 since repairs necessitated by prior storms and floods should be completed or under contract by the end of the current year.

#### **Reorganization**

A reorganization plan for the Executive Branch of State Government will be presented to the 1968 Session of the Legislature. A key feature of the proposal—the establishment of Secretaries for Agriculture and Services, Human Relations, Resources, and Business and Transportation—is reflected in this budget. The concomittant realignment of agencies under these offices is shown in the detailed budgets in italic type. Responsibility for expenditures for state operations from governmental cost funds under the proposed reorganization will be distributed as shown in the following table:

Organizational Placement	Expenditures (In millions)		
	Actual 1966-67	Estimated 1967-68	Proposed 1968-69
Secretary for Agriculture and Services -----	\$68.7	\$70.1	\$71.1
Secretary for Business and Trans- portation -----	219.6	252.9	267.4
Secretary for Human Relations ----	361.5	373.7	381.1
Secretary for Resources -----	78.3	82.0	82.5



Table 14

## PERSONNEL MAN-YEARS AND SALARY COST ESTIMATES

FUNCTION	Actual 1966-67		Estimated 1967-68		Proposed 1968-69	
	Personnel man-years	Cost	Personnel man-years	Cost	Personnel man-years	Cost
Legislative	213.3	\$2,234,237	227	\$3,085,287	227.8	\$3,191,346
Judicial	254.9	3,531,040	265.2	3,840,682	271.9	3,946,640
Executive	252.6	2,647,761	258.6	2,787,844	252.1	2,712,320
General Administration	5,020.9	39,816,265	5,051.8	40,502,443	4,973.9	42,014,800
Agriculture	2,247.4	17,509,746	2,107.2	17,420,422	2,090.9	17,493,540
Corrections	9,924.3	83,191,385	9,909.8	88,485,512	9,913.7	90,409,536
Education	1,999	16,753,692	2,242	19,472,205	2,168.9	18,667,552
Higher Education	49,251	420,711,456	56,315.2	505,639,399	59,485.1	538,040,262
Employment	8,026.6	60,345,426	8,328.5	66,467,817	8,486.6	68,721,311
Fiscal Affairs	4,883.4	39,981,817	5,117.8	43,994,378	5,086.4	44,545,347
Health and Welfare	25,680.5	188,616,506	24,721.4	197,459,139	24,856	202,707,187
Industrial Relations	1,733.7	16,428,964	1,723.6	17,377,446	1,705.9	17,489,859
Justice	1,390	11,431,891	1,469	13,092,621	1,471.3	13,673,732
Military Affairs	404.2	2,777,476	381.6	2,836,582	385.1	2,912,313
Regulation and Licensing	3,197	28,532,766	3,172.4	30,027,340	3,173.4	30,799,606
Resources	11,169.1	92,774,988	11,760.9	104,437,063	11,429.8	99,778,982
Transportation	29,864.2	242,115,286	33,362.8	276,627,619	34,100.4	284,973,663
Veterans Affairs	1,013.6	6,936,475	1,014.2	7,408,805	980.2	7,076,934
Miscellaneous	410	3,641,745	408.4	3,874,791	410.9	4,004,232
Unallocated	1,468	10,873,249	1,566	11,540,720	1,599	12,469,520
Subtotals	158,403.7	\$1,290,852,171	169,403.4	\$1,456,378,115	173,069.3	\$1,505,628,682
Salary Increase Program	-	-	-	65,017	-	82,164,098
Totals	158,403.7	\$1,290,852,171	169,403.4	\$1,456,443,132	173,069.3	\$1,587,792,780
CLASSIFICATION						
Statutory	314.2	\$5,861,001	329.3	\$6,853,969	332.3	\$6,956,077
Exempt	879.7	9,435,775	914.6	10,264,869	925.8	10,559,759
Civil Service	108,090	855,974,722	111,999.7	934,986,217	112,479	951,465,586
University of California	30,956.3	256,286,827	35,466.9	308,991,883	37,191.1	329,910,661
State Colleges and Trustees	17,712.8	160,892,779	20,171.4	192,370,897	21,610.8	203,720,353
Other State College Facilities <sup>a</sup>	381.4	1,593,422	449.1	2,014,606	452	2,072,149
Hastings College of Law	69.3	807,645	72.4	895,674	78.3	944,097
Subtotals	158,403.7	\$1,290,852,171	169,403.4	\$1,456,378,115	173,069.3	\$1,505,628,682
Salary Increase Program	-	-	-	65,017	-	82,164,098
Totals	158,403.7	\$1,290,852,171	169,403.4	\$1,456,443,132	173,069.3	\$1,587,792,780

<sup>a</sup> Includes staff for the State College Dormitory Revenue Fund, College Auxiliary Enterprise Fund and the State College Parking Revenue Fund.

## Schedule 2

## COMPARATIVE STATEMENT OF REVENUES; FISCAL YEARS 1966-67, 1967-68, AND 1968-69

Sources	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>MAJOR TAXES AND LICENSES:</b>									
Alcoholic Beverage Control Taxes and Licenses:									
Excise Tax on Beer and Wine.....	\$14,964,039		\$14,964,039	\$12,900,000		\$12,900,000	\$14,500,000		\$14,500,000
Excise Tax on Distilled Spirits.....	64,733,155		64,733,155	84,250,000		84,250,000	87,700,000		87,700,000
Liquor License Fees.....	3,386,159		3,386,159	4,351,300		4,351,300	6,881,500		6,881,500
Bank and Corporation Franchise and Income Taxes	453,291,506	\$11,568,208	464,859,714	570,000,000		570,000,000	548,000,000	\$12,323,800	560,323,800
Cigarette Tax.....	78,190,531		78,190,531	156,679,000		156,679,000	166,530,000	71,370,000	237,900,000
Gift Tax.....	8,547,760		8,547,760	9,830,000		9,830,000	13,430,000		13,430,000
Horse Racing Revenue.....	39,274,166		39,274,166	49,258,658		49,258,658	52,587,429	9,022,571	61,610,000
Inheritance Tax.....	133,350,843	10,037,046	143,387,889	122,200,000		122,200,000	134,300,000		134,300,000
Insurance Companies Tax.....	131,225,988		131,225,988	117,200,000		117,200,000	126,600,000		126,600,000
Motor Vehicle License Fees ("In Lieu" Tax).....		192,327,719	192,327,719					204,000,000	204,000,000
Motor Vehicle Fuel Tax:									
Gasoline.....		608,421,211	608,421,211						
Diesel and Liquid Petroleum Gas.....		35,276,439	35,276,439						
Motor Vehicle Registration and Other Fees.....		212,733,674	212,733,674						
Motor Vehicle Transportation Tax.....		21,023,129	21,023,129						
Personal Income Tax.....	626,696,819		626,696,819	810,000,000		810,000,000	1,018,000,000		1,018,000,000
Private Car Tax.....	2,477,301		2,477,301	2,931,000		2,931,000	3,700,000		3,700,000
Retail Sales and Use Taxes.....	1,190,749,712		1,190,749,712	1,451,000,000		1,451,000,000	1,574,500,000		1,574,500,000
<b>TOTALS, MAJOR TAXES AND LICENSES</b>	<b>\$2,740,887,979</b>	<b>\$1,091,387,426</b>	<b>\$3,832,275,405</b>	<b>\$3,390,599,953</b>	<b>\$1,106,609,742</b>	<b>\$4,497,209,700</b>	<b>\$3,746,728,929</b>	<b>\$1,150,160,371</b>	<b>\$4,902,889,300</b>
<b>OTHER REVENUES:</b>									
Architecture Public Building Fees.....		\$1,360,275	\$1,360,275						
Corporation-Licenses, Permits and Examination Fees.....									
County Board Charges:									
Mental Hygiene Patients.....	\$3,801,419		3,801,419	\$3,825,935		3,825,935	\$3,845,935		3,845,935
Youth Authority Wards.....	3,790,728		3,790,728	4,000,000		4,000,000	4,000,000		4,000,000
Pay Patient Board Charges and Clinic Fees	1,610,438		1,610,438	1,770,300		1,770,300	1,932,300		1,932,300
Mental Hygiene Patients.....	25,086,788		25,086,788	16,964,000		16,964,000	16,879,000		16,879,000
Clinic Fees.....	181,972		181,972	169,425		169,425	172,075		172,075
Receipts from Health Care Deposit Fund.....				22,337,496		22,337,496	22,110,173		22,110,173
Department of Agriculture.....	20,604,531		20,604,531	92,834		92,834	81,424		81,424
Professional and Vocational Standards.....	105,990	10,174,843	10,280,833	10,063,925		10,063,925	10,234,830		10,234,830
Division of Real Estate.....	177,499	8,452,734	8,630,233	101,510		101,510	171,710		171,710
Fishing and Hunting Licenses.....		3,141,660	3,141,660	3,314,000		3,314,000	3,685,525		3,685,525
Insurance Fund.....		12,963,551	12,963,551	12,636,400		12,636,400	13,032,900		13,032,900
Interest on Investments:									
California Water Fund.....		636,750	636,750	636,750		636,750	636,750		636,750
Pooled Money Investments.....	32,352,291		32,352,291	32,055,000		32,055,000	34,450,000		34,450,000
Surplus Money Investments.....		9,325,013	9,325,013						
Condemnation Deposit Investments.....	117,989		117,989	110,000		110,000	95,000		95,000
Other Interest Income.....	1,350,586	5,426,157	6,782,743	1,318,470		1,318,470	534,000		534,000
Oil and Gas Revenues:									
Federal Lands.....		2,089,102	2,089,102						
Other.....	561,142		561,142	460,828		460,828	460,828		460,828
Penalties and Interest on Unemployment Contributions.....		2,909,977	2,909,977						
<b>TOTALS, OTHER REVENUES</b>	<b>\$2,909,977</b>	<b>\$2,909,977</b>	<b>\$5,819,954</b>	<b>\$2,909,977</b>	<b>\$2,909,977</b>	<b>\$5,819,954</b>	<b>\$2,909,977</b>	<b>\$2,909,977</b>	<b>\$5,819,954</b>



**Schedule 2—COMPARATIVE STATEMENT OF REVENUES; FISCAL YEARS 1966-67, 1967-68, AND 1968-69—Continued**

Sources	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
OTHER REVENUES—Continued									
Penalties on Traffic Violations.....	\$9,703,350	\$1,022,019	\$9,703,350	\$11,386,483	\$1,687,255	\$11,386,483	\$13,000,000	\$2,250,000	\$13,000,000
Penalties on Criminal Convictions.....	20,100,003	19,153,744	39,253,747	2,025,342	37,534,658	39,560,000	2,078,842	37,600,658	39,679,500
Revenues Collected by State Lands Division <sup>a</sup> .....	2,081,051	2,016,573	2,081,051	2,095,603	2,355,175	2,095,603	2,138,493	2,138,493	2,138,493
Secretary of State—Fees and Miscellaneous.....		5,163,865	5,163,865		4,395,000	4,395,000		4,645,000	4,645,000
State Fair Revenues.....									
Transportation Rate Fund.....									
Proceeds under Unclaimed Property Act.....	1,677,803		1,677,803	3,909,000		3,909,000	1,357,500		1,357,500
Sales of State Property.....	1,937,966		1,937,966	5,066,849	5,289,000	10,355,849	971,099	1,445,250	2,416,349
State Beach and Park Service Fees.....	3,664,561		3,664,561	5,100,000		5,100,000	5,700,000		5,700,000
Not Otherwise Classified.....	6,569,250	9,853,645	16,422,895	6,091,500	9,987,062	16,078,562	6,887,951	11,355,604	18,243,555
TOTAL, OTHER REVENUES.....	\$135,481,357	\$98,781,286	\$234,262,643	\$118,940,581	\$125,779,930	\$244,720,511	\$116,866,330	\$119,949,119	\$236,815,449
TOTALS, REVENUES.....	\$2,882,369,336	\$1,190,168,712	\$4,072,538,048	\$3,509,540,539	\$1,232,389,672	\$4,741,930,211	\$3,863,595,259	\$1,276,115,490	\$5,139,710,749
OTHER INCOME—TRANSFERS:									
California Water Fund.....	\$11,058,159	—\$11,058,159		\$2,311,684	—\$2,311,684		\$2,659,658	—\$2,659,658	
Department of Employment Contingent Fund.....	1,441,236	—1,441,236		2,610,000		\$2,610,000			
Central Valley Water Project Construction Fund <sup>b</sup> .....							2,788,230	—2,788,230	
Motor Vehicle Fund.....				1,350,000		1,350,000	750,000		\$750,000
Water Resources Revolving Fund <sup>b</sup> .....									
TOTAL, OTHER INCOME.....	\$12,499,395	—\$12,499,395		\$6,271,684	—\$2,311,684	\$3,960,000	\$6,197,888	—\$5,447,888	\$750,000
TOTAL INCOME.....	\$2,894,868,731	\$1,177,669,317	\$4,072,538,048	\$3,515,812,223	\$1,230,077,988	\$4,745,890,211	\$3,869,793,147	\$1,270,667,602	\$5,140,460,749

<sup>a</sup> Includes oil royalties and bid bonuses.

<sup>b</sup> Not recorded as a reduction in special funds as these funds are not governmental cost funds and receipts are not included in budget totals.

## Schedule 3

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND  
FOR FISCAL YEARS 1966-67, 1967-68, AND 1968-69

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69			
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	
STATE OPERATIONS											
Legislative:											
1	Legislature.....	\$13,240,240	— \$890,827	\$12,349,413	\$20,298,472	\$310,137	\$20,608,609	\$20,697,346	\$284,795	\$20,982,141	
4	Legislative Counsel Bureau.....	960,021	-----	960,021	1,235,872	-----	1,235,872	1,346,715	-----	1,346,715	
5	Law Revision Commission.....	143,269	-----	143,269	137,653	-----	137,653	154,579	-----	154,579	
6	Commission on Uniform State Laws.....	8,782	-----	8,782	11,500	-----	11,500	11,500	-----	11,500	
7	Contribution to Legislators' Retirement Fund.....	370,000	-----	370,000	510,000	-----	510,000	450,000	-----	450,000	
Totals, Legislative.....		\$14,722,312	— \$890,827	\$13,831,485	\$22,193,497	\$310,137	\$22,503,634	\$22,660,140	\$284,795	\$22,944,935	
Judicial:											
8	Supreme Court.....	\$1,237,763	-----	\$1,237,763	\$1,374,018	-----	\$1,374,018	\$1,390,628	-----	\$1,390,628	
9	Judicial Council.....	674,578	-----	674,578	692,191	-----	692,191	723,898	-----	723,898	
11	Commission on Judicial Qualifications.....	29,453	-----	29,453	35,564	-----	35,564	36,007	-----	36,007	
12	Court of Appeal, First Appellate District.....	793,741	-----	793,741	895,631	-----	895,631	938,915	-----	938,915	
13	Court of Appeal, Second Appellate District.....	1,069,335	-----	1,069,335	1,308,262	-----	1,308,262	1,469,575	-----	1,469,575	
14	Court of Appeal, Third Appellate District.....	270,272	-----	270,272	302,552	-----	302,552	317,678	-----	317,678	
15	Court of Appeal, Fourth Appellate District.....	494,512	-----	494,512	533,552	-----	533,552	537,493	-----	537,493	
16	Court of Appeal, Fifth Appellate District.....	223,971	-----	223,971	246,426	-----	246,426	261,098	-----	261,098	
17	Contributions to Judges' Retirement Fund.....	107,906	-----	107,906	111,680	-----	111,680	111,680	-----	111,680	
Totals, Judicial.....		\$4,901,531	-----	\$4,901,531	\$5,499,876	-----	\$5,499,876	\$5,786,972	-----	\$5,786,972	
Executive:											
Governor's Office											
18	Governor.....	\$1,450,461	-----	\$1,450,461	\$1,511,227	-----	\$1,511,227	\$1,528,311	-----	\$1,528,311	
19	Secretary for Business and Transportation.....	78,201	\$78,201	78,201	80,313	-----	80,313	95,540	-----	95,540	
20	Secretary for Human Relations.....	100,727	-----	100,727	105,706	-----	105,706	124,396	-----	124,396	
21	Secretary for Resources.....	156,302	-----	156,302	175,942	-----	175,942	166,309	-----	166,309	
22	Secretary for Agriculture and Services.....	76,485	-----	76,485	92,073	-----	92,073	93,305	-----	93,305	
23	Youth and Adult Corrections Agency.....	-----	-----	-----	7,004	-----	7,004	-----	-----	-----	
24	Commission on the Los Angeles Riot.....	24,551	-----	24,551	-----	-----	-----	-----	-----	-----	
24	Labor Arbitration Expense.....	93,327	-----	93,327	32,068	-----	32,068	32,723	-----	32,723	
25	Office of Consumer Counsel.....	55,762	-----	55,762	178,907	-----	178,907	252,903	-----	252,903	
26	Office of Economic Opportunity.....	94,746	-----	94,746	81,038	-----	81,038	97,606	-----	97,606	
29	Office of Tourism and Visitor Service.....	1,118,023	-----	1,118,023	998,875	-----	998,875	976,000	-----	976,000	
31	Disaster Office.....	-----	-----	-----	26,693	-----	26,693	34,902	-----	34,902	
34	Intergovernmental Council on Urban Growth.....	44,026	-----	44,026	171,127	-----	171,127	186,411	-----	186,411	
35	Lieutenant Governor.....	138,391	-----	138,391	-----	-----	-----	-----	-----	-----	
Totals, Executive.....		\$3,352,801	\$78,201	\$3,431,002	\$3,380,660	\$80,313	\$3,460,973	\$3,492,866	\$95,540	\$3,588,406	



# **Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Page Ref- er- ences	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
STATE OPERATIONS—Continued										
General Administration:										
36	Public Employees' Retirement System.....	\$25,000	-----	\$25,000	\$22,500	-----	\$22,500	\$22,500	-----	\$22,500
42	Department of General Services.....	7,193,097	\$17,119	7,210,216	5,512,944	\$13,437	5,526,381	5,522,112	\$13,702	5,535,814
42	Augmentation of Service Revolving Fund.....	1,843,299	-----	1,843,299	-----	-----	-----	158,804	-----	158,804
42	Office of Architecture and Construction.....	-----	1,508,487	1,508,487	-----	1,536,350	1,536,350	-----	1,544,890	1,544,890
76	State Exposition and Fair Executive Committee.....	70,824	-----	70,824	206,991	-----	206,991	534,555	550,997	1,085,552
78	State Fair and Exposition.....	590,131	2,001,953	2,592,084	244,590	2,902,974	3,147,564	-----	-----	-----
84	Capitol Building and Planning Commission.....	2,273	-----	2,273	2,250	-----	2,250	2,250	-----	2,250
85	Commission on California State Government Organization and Economy.....	45,487	-----	45,487	50,950	-----	50,950	52,472	-----	52,472
86	Commission on Interstate Cooperation.....	64,979	-----	64,979	84,620	-----	84,620	74,660	-----	74,660
87	Personnel Board.....	4,315,780	-----	4,315,780	4,697,533	-----	4,697,533	4,796,422	-----	4,796,422
94	Secretary of State.....	1,330,915	-----	1,330,915	1,165,311	-----	1,165,311	1,513,546	-----	1,513,546
99	Expense of Presidential Electors.....	-----	-----	-----	-----	-----	-----	1,700	-----	1,700
99	California Heritage Preservation Commission.....	958	-----	958	-----	-----	-----	-----	-----	-----
Totals, General Administration		\$15,482,743	\$3,527,559	\$19,010,302	\$11,987,689	\$4,452,761	\$16,440,450	\$12,679,021	\$2,109,589	\$14,788,610
Agriculture:										
100	Department of Agriculture.....	\$12,418,609	\$9,958,047	\$22,376,656	\$13,338,466	\$9,827,622	\$23,166,088	\$12,872,779	\$10,487,930	\$23,360,709
144	District Agricultural Associations.....	-----	3,329,800	3,329,800	-----	3,402,000	3,061,800	-----	3,329,300	2,996,370
145	Museum of Science and Industry.....	409,534	460,599	870,133	462,406	486,291	948,697	915,697	-----	915,697
149	Poultry Improvement Commission.....	75,086	18,846	93,932	-----	71,485	71,485	-----	52,965	52,965
Totals, Agriculture		\$12,903,229	\$13,767,292	\$26,670,521	\$13,460,672	\$13,787,398	\$27,248,070	\$13,455,546	\$13,870,195	\$27,325,741
Corrections:										
151	Department of Corrections.....	\$80,160,821	-----	\$80,160,821	\$83,353,455	-----	\$83,353,455	\$85,666,575	-----	\$85,666,575
179	Augmentation of Correctional Industries Revolving Fund.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
183	Department of the Youth Authority.....	36,543,763	-----	36,543,763	40,403,515	-----	40,403,515	42,052,151	-----	42,052,151
Totals, Corrections		\$116,704,584	-----	\$116,704,584	\$123,510,237	-----	\$123,510,237	\$127,718,726	-----	\$127,718,726
Education:										
Department of Education:										
221	Educational Commission of the States.....	\$7,243	-----	\$7,243	\$22,800	-----	\$22,800	\$24,000	-----	\$24,000
221	General Activities.....	4,048,673	-----	4,048,673	5,087,309	-----	5,087,309	4,464,510	-----	4,464,510
238	National Defense Education.....	324,137	-----	324,137	370,577	-----	370,577	376,521	-----	376,521
242	Elementary and Secondary Education Act.....	86,809	-----	86,809	260,574	-----	260,574	261,530	-----	261,530
Special Schools for Physically Handicapped:		-----	-----	-----	-----	-----	-----	-----	-----	-----
255	School for the Blind.....	828,257	-----	828,257	906,849	-----	906,849	955,189	-----	955,189
Diagnostic School for Neurologically Handicapped Children, Northern California.....		552,081	-----	552,081	629,075	-----	629,075	641,860	-----	641,860

# Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
258 260 262	STATE OPERATIONS—Continued									
	Education—Continued									
	Department of Education—Continued									
	Special Schools for Physically Handicapped—Continued									
	Diagnostic School for Neurologically Handicapped Children, Southern California.....	\$503,197		\$503,197	\$681,914		\$681,914	\$590,130		\$590,130
267	School for the Deaf, Berkeley.....	1,989,666		1,989,666	2,141,642		2,141,642	2,181,842		2,181,842
	School for the Deaf, Riverside.....	2,176,457		2,176,457	2,300,341		2,300,341	2,313,976		2,313,976
274 279	Totals, Special Schools.....	\$6,049,658		\$6,049,658	\$6,559,821		\$6,559,821	\$6,682,987		\$6,682,987
	Vocational Education.....	852,513		852,513	837,946		837,946	727,063		727,063
282 289 319 321 517	Totals, Department of Education.....	\$11,369,033		\$11,369,033	\$13,139,027		\$13,139,027	\$12,536,611		\$12,536,611
	Division of Libraries.....	1,329,913		1,329,913	1,658,626		1,658,626	1,693,262		1,693,262
519 519	State Teachers' Retirement System.....	945,758		945,758	1,214,856		1,214,856	754,096		754,096
	Totals, Education.....	\$13,644,704		\$13,644,704	\$16,012,509		\$16,012,509	\$14,983,969		\$14,983,969
282 289 319 321 517	HIGHER EDUCATION:									
	Coordinating Council for Higher Education.....	\$434,722		\$434,722	\$531,689		\$531,689	\$552,546		\$552,546
	University of California—Augmentation.....							7,283,760		7,283,760
	University of California.....	240,103,528	\$278,260	240,381,788	243,423,745	\$266,500	243,690,245	272,763,077	\$266,500	273,029,577
	Hastings College of the Law.....	610,697		610,697	707,178		707,178	830,036		830,036
519 519	State Colleges—Augmentation.....							\$14,150,069		\$14,150,069
	State Colleges.....	167,704,525		167,704,525	197,018,415	1,007,635	198,026,050	210,190,750	2,386,786	212,577,536
519 519	Maritime Academy.....	592,685		592,685	652,543		652,543	667,938		667,938
	Board of Governors of the California Community College.....				10,000		10,000	394,626		394,626
523 540 641	State Scholarship and Loan Commission.....	4,700,985		4,700,986	5,627,039		5,627,039	8,923,995		8,923,995
	Totals, Higher Education.....	\$414,147,142	\$278,260	\$414,425,402	\$447,970,609	\$1,274,135	\$449,244,744	\$515,756,797	\$2,653,286	\$518,410,083
523 540 641	EMPLOYMENT:									
	Department of Employment.....									
	California Job Training and Placement Council.....		\$1,417,707	\$1,417,707						
	Commission on Manpower, Automation and Technology.....		19,852	19,852						
	Totals, Employment.....		\$1,437,559	\$1,437,559						
542 543 553 560 565 570 578	FISCAL AFFAIRS:									
	Board of Control.....	\$39,319		\$39,319	\$108,298		\$108,298	\$114,064		\$114,064
	State Controller.....	4,930,572		4,930,572	6,076,757		6,076,757	5,392,868		5,392,868
	Board of Equalization.....	19,363,294		19,363,294	21,340,016		21,340,016	21,650,791		21,650,791
	Department of Finance.....	3,444,886	98,091	3,542,977	3,850,680		3,850,680	3,929,116		3,929,116
578	State Lands Division.....	1,212,781		1,212,781	1,455,342		1,455,342	1,510,842		1,510,842
	Franchise Tax Board.....	12,556,992		12,556,992	13,212,349		13,212,349	16,074,829		16,074,829
578	Department of Housing and Community Development.....	1,723,476		1,723,476	1,796,697		1,796,697	1,829,778		1,829,778
	Totals, Fiscal Affairs.....	\$39,319	\$1,437,559	\$41,756,475	\$501,791	\$453,576	\$955,367	\$515,756,797	\$34,699	\$550,455
578	TOTALS:									
	Actual 1966-67	\$6,049,658	\$278,260	\$6,327,918	\$13,139,027	\$266,500	\$13,405,527	\$12,536,611	\$2,653,286	\$15,189,897
	Estimated 1967-68	\$6,559,821	\$1,274,135	\$7,833,956	\$16,012,509	\$1,007,635	\$17,020,144	\$14,983,969	\$2,653,286	\$17,637,255
	Estimated 1968-69	\$6,682,987		\$6,682,987	\$6,559,821		\$6,559,821	\$6,682,987		\$6,682,987
	Totals	\$13,292,466	\$1,552,395	\$14,844,861	\$25,704,346	\$1,274,135	\$26,978,481	\$23,616,957	\$5,306,572	\$31,285,529

a This amount includes \$6,776,416 for enrollment adjustments, but does not include \$353,051 for data processing. Net augmentation is \$7,731,704.



# **Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
579	STATE OPERATIONS—Continued									
	Fiscal Affairs—Continued									
	State Treasurer—Bond Funds <sup>a</sup> .....	\$443,810	(\$127,198)	\$443,810 (127,198)	\$574,933	(\$131,000)	\$574,933 (131,000)	\$633,690	(\$106,000)	\$633,690 (106,000)
	Totals, Fiscal Affairs.....	\$43,720,130	\$3,139,746	\$46,859,876	\$46,270,928	\$7,597,634	\$53,868,562	\$51,135,968	\$3,657,101	\$54,793,069
582	Health and Welfare:									
	Mental Retardation Program Coordination	\$108,707		\$108,707	\$48,750		\$48,750			
	California Commission on Aging.....	92,457		92,457	120,943		120,943	\$120,000		\$120,000
598	State Air Resources Board.....				549,918		549,918	594,715	\$1,082,997	1,677,712
600	Office of Atomic Energy Development and Radiation Protection.....				55,003		55,003			55,414
604	Department of Mental Hygiene:	52,270		52,270						
605	Program Augmentation.....									
605	Departmental Administration.....	\$6,719,429		\$6,719,429	\$6,820,910		\$6,820,910	\$3,109,832		\$3,109,832
605	Neuropsychiatric Institutes.....	8,316,360		8,316,360	9,221,439		9,221,439	6,687,422		6,687,422
605	Hospitals for Mentally Ill.....	125,970,943		125,970,943	121,350,267		121,350,267	9,850,205		9,850,205
605	Hospitals for Mentally Retarded.....	50,112,979		50,112,979	54,879,641		54,879,641	117,817,764		117,817,764
	Totals, Department of Mental Hygiene.....	\$191,119,711		\$191,119,711	\$192,272,257		\$192,272,257	\$194,529,323		\$194,529,323
639	Department of Public Health includes Health Planning Council.....	\$12,380,230		\$12,380,230	\$12,244,418		\$12,244,418	\$11,371,228		\$11,371,228
671	Department of Rehabilitation.....	6,187,705	\$479,087	6,666,792	4,776,588		4,776,588	4,778,700		4,778,700
702	Service Center Program.....				4,185,991	\$237,434	4,423,425	4,635,125	\$286,870	4,921,995
711	Department of Social Welfare.....	12,648,486		12,648,486	14,047,353		14,047,353	15,332,453		15,332,453
	Totals, Health and Welfare.....	\$222,580,566	\$479,087	\$223,068,653	\$228,301,221	\$237,434	\$228,538,655	\$231,416,958	\$1,369,867	\$232,786,825
727	Industrial Relations:									
737	Department of Industrial Relations.....	\$19,897,434	\$59,417	\$19,956,851	\$21,212,990	\$57,722	\$21,270,712	\$21,134,207	\$79,510	\$21,213,717
	State Fire Marshal.....	798,513	121,014	919,527	879,212	112,500	991,712	903,798	112,500	1,018,298
	Totals, Industrial Relations.....	\$20,695,947	\$180,431	\$20,876,378	\$22,092,202	\$170,222	\$22,262,424	\$22,040,005	\$192,010	\$22,232,015
740	Justice:									
749	Department of Justice.....	\$14,613,509		\$14,613,509	\$16,510,447		\$16,510,447	\$17,380,024		\$17,380,024
751	Commission on Peace Officer Standards and Training.....		\$95,282	95,282		\$112,049	112,049		\$155,253	155,253
751	California Council on Criminal Justice.....				25,000		25,000	50,000		50,000
752	California Crime Technological Research Foundation.....				50,000		50,000	25,000		25,000
	Totals, Justice.....	\$14,613,509	\$95,282	\$14,708,791	\$16,585,447	\$112,049	\$16,697,496	\$17,455,024	\$155,253	\$17,610,277
753	Military Affairs:									
	Military Department.....	\$3,722,313		\$3,722,313	\$3,826,401		\$3,826,401	\$4,036,564		\$4,036,564

<sup>a</sup> Preparing and advertising bonds for sale. Expenditures from bond funds not included in overall budget totals.

# Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	STATE OPERATIONS—Continued									
	Regulation and Licensing:									
759	Department of Alcoholic Beverage Control	\$5,122,692		\$5,122,692	\$5,361,630		\$5,361,630	\$5,409,356		\$5,409,356
762	Alcoholic Beverage Control Appeals Board	125,129		125,129	125,003		125,003	126,292		126,292
763	District Securities Commission	184,974		184,974	178,430		178,430	225,842		225,842
765	Horse Racing Board	3,100	\$229,559	232,659	38,739	\$242,151	280,890		\$304,936	304,936
	Department of Investment:									
767	Banking Department		1,234,789	1,234,789		1,292,679	1,292,679		1,363,193	1,363,193
769	Division of Corporations	3,260,940		3,260,940	3,460,908		3,460,908	3,506,863		3,506,863
771	Department of Insurance	112,300	3,612,310	3,724,610	103,500	3,897,235	4,000,735	103,500	4,202,750	4,306,250
776	Division of Real Estate		3,487,831	3,487,831		3,355,021	3,355,021		3,464,886	3,464,886
788	Division of Savings and Loan		2,500,995	2,500,995		2,749,804	2,749,804		2,749,342	2,749,342
	Totals, Department of Investment	\$3,373,240	\$10,835,925	\$14,209,165	\$3,564,408	\$11,294,739	\$14,859,147	\$3,610,363	\$11,780,171	\$15,390,534
	Board of Pilot Commissioners for Harbor of San Diego	\$925		\$925	\$1,200		\$1,200	\$1,200		\$1,200
789	Board of Pilot Commissioners for Bays of San Francisco, San Pablo and Suisun									
790	Department of Professional and Vocational Standards:		\$27,915	27,915		\$25,577	25,577		\$27,145	27,145
	Board of Accountancy		336,710	336,710		316,737	316,737		331,688	331,688
800	Board of Architectural Examiners		111,383	111,383		145,796	145,796		145,628	145,628
801	Athletic Commission	165,704		165,704	92,919		92,919	162,500		162,500
802	Board of Barber Examiners		360,793	360,793		415,145	415,145		418,561	418,561
804	Cemetery Board		67,795	67,795		73,710	73,710		74,813	74,813
805	Board of Chiropractic Examiners		107,215	107,215		103,314	103,314		106,049	106,049
	Board of Registration for Civil and Professional Engineers		545,266	545,266		603,429	603,429		617,078	617,078
806	Collection Agency Licensing Bureau		150,316	150,316		205,180	205,180		214,763	214,763
808	Contractors' License Board		2,261,544	2,261,544		2,376,753	2,376,753		2,354,476	2,354,476
809	Board of Cosmetology		726,035	726,035		742,291	742,291		819,639	819,639
811	Board of Dental Examiners		171,701	171,701		227,070	227,070		210,122	210,122
812	Board of Dry Cleaners		320,859	320,859		340,101	340,101		347,523	347,523
814	Bureau of Electronic Repair Dealer Registration		247,457	247,457		247,682	247,682		261,607	261,607
815	Bureau of Employment Agencies				74,475		74,475		136,223	136,223
817	Board of Funeral Directors and Embalmers		100,244	100,244		108,304	108,304		110,001	110,001
818	Bureau of Furniture and Bedding Inspection		635,052	635,052		306,194	306,194		448,765	448,765
820	Board of Guide Dogs for the Blind	830		830	1,000		1,000	2,350		2,350
822	Board of Landscape Architects		29,682	29,682		31,473	31,473		31,596	31,596
823	Bureau of Marriage Counselors		11,745	11,745		14,577	14,577		14,535	14,535
824	Board of Medical Examiners		891,281	891,281		940,925	940,925		1,048,340	1,048,340
825	Board of Nursing Education and Nurse Registration		607,333	607,333		596,679	596,679		632,223	632,223
829	Board of Optometry		69,975	69,975		64,121	64,121		71,526	71,526
830	Board of Osteopathic Examiners		7,034	7,034		7,713	7,713		7,989	7,989
832	Board of Pharmacy		519,129	519,129		578,656	578,656		578,143	578,143
833										



# Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
834 836 837 840 841 843 845	STATE OPERATIONS—Continued									
	Regulation and Licensing—Continued									
	Department of Professional and Vocational Standards—Continued									
	Board of Private Investigators and Adjusters.....		\$114,753	\$114,753		\$101,757	\$101,757		\$108,130	\$108,130
	Certified Shorthand Reporters Board.....		28,309	28,309		30,754	30,754		31,310	31,310
	Board of Social Work Examiners.....		31,620	31,620		55,140	55,140		54,928	54,928
	Structural Pest Control Board.....		444,399	444,399		461,618	461,618		491,312	491,312
	Board of Examiners in Veterinary Medicine.....		49,514	49,514		74,639	74,639		67,461	67,461
	Board of Vocational Nurse Examiners.....		224,775	224,775		267,516	267,516		272,580	272,580
	Yacht and Ship Brokers Commission.....		26,144	26,144		29,115	29,115		30,744	30,744
847	Totals, Department of Professional and Vocational Standards.....	\$160,534	\$9,198,063	\$9,364,597	\$168,394	\$9,466,389	\$9,634,783	\$164,850	\$10,037,753	\$10,202,603
	Public Utilities Commission.....	\$5,362,520	\$4,711,109	\$10,073,629	\$5,768,800	\$5,148,650	\$10,917,450	\$5,845,944	\$5,258,919	\$11,104,863
	Totals, Regulation and Licensing.....	\$14,339,114	\$25,002,571	\$39,341,685	\$15,206,604	\$26,177,506	\$41,384,110	\$15,383,847	\$27,408,924	\$42,792,771
855 872 901 933 934 937 948 1007 1009 1010 1011 1014 1020 1020 1021 1022 1023 1023 1024	Resource:									
	Department of Conservation.....		\$1,091,014	\$37,212,857	\$36,875,232	\$1,207,701	\$38,082,933	\$35,620,459	\$1,212,458	\$36,832,917
	Department of Fish and Game.....		12,641,440	12,683,348		13,258,987	13,258,987		14,104,725	14,104,725
	Marine Research Committee.....		66,093	66,093		22,190	22,190		194,200	194,200
	Wildlife Conservation Board.....		94,384	94,384		101,294	101,294		101,002	101,002
	Department of Harbors and Watercraft.....		321	321		5,202	5,202		5,202	5,202
	Department of Parks and Recreation.....		14,024,640	14,024,640		15,457,712	15,457,712		15,947,150	15,947,150
	Department of Water Resources.....		10,579,717	10,579,717		10,504,130	10,504,130		10,466,267	10,466,267
	Reclamation Board.....		106,443	106,443		265,455	265,455		271,177	271,177
	Colorado River Board.....		253,928	253,928		447,892	447,892			
	State Water Rights Board.....		1,037,892	1,037,892		1,105,954	1,105,954			
	State Water Quality Control Board.....		2,196,722	2,196,722		2,210,892	2,210,892			
	State Water Resources Control Board.....									
	Goose Lake Compact Commission.....		1,528	1,528		2,000	2,000			
	California Advisory Committee.....		4,489	4,489		6,075	6,075			
	California Advisory Commission on Marine and Coastal Resources.....									
	Klamath River Compact Commission.....		9,210	9,210		35,000	35,000			
	Lake Tahoe Joint Study Committee.....		13,161	13,161						
	California-Nevada Interstate Compact Commission.....		19,773	19,773		13,434	13,434			
	San Francisco Bay Conservation and Development Commission.....		218,849	218,849		234,244	234,244			
	Totals, Resources.....	\$64,630,424	\$13,892,931	\$78,523,355	\$67,161,222	\$14,590,172	\$81,751,394	\$65,548,456	\$15,612,385	\$81,160,841
1026 1028	Transportation:									
	Division of Aeronautics.....		\$176,918	\$176,918		\$312,097	\$312,097		\$516,104	\$516,104
	Business and Transportation Special Services and Studies.....					285,089	376,269		260,654	415,657

# Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69			
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	
STATE OPERATIONS—Continued											
Transportation—Continued											
	Department of the California Highway Patrol.....		\$67,760,038	\$67,760,038		\$85,810,834	\$85,810,834		\$93,116,786	\$93,116,786	
1031			6,218	6,218		8,835	8,835		8,835	8,835	
1031	Vehicle Equipment Safety Commission.....		49,042,729	49,042,729		55,965,318	55,965,318		58,915,642	58,915,642	
1037	Department of Motor Vehicles.....		86,733,096	86,733,096		93,786,768	93,786,768		97,188,666	97,188,666	
1076	Department of Public Works.....										
	Totals, Transportation.....		\$203,718,999	\$203,718,999		\$236,169,541	\$236,260,121	\$155,003	\$250,006,687	\$250,161,690	
Veterans Affairs:											
	Department of Veterans Affairs										
1077	General Activities.....	\$2,740,147		\$2,740,147				\$3,108,047	\$3,087,751	\$3,087,751	
1083	Veterans' Home of California.....	4,481,088		4,481,088				4,983,388	4,927,798	4,927,798	
1086	United Spanish War Veterans Commission.....	3,983		3,983				3,600	3,600	3,600	
	Total, Veterans Affairs.....	\$7,225,218		\$7,225,218				\$8,095,035	\$8,019,149	\$8,019,149	
Miscellaneous:											
1087	Advisory Commission on Indian Affairs.....	\$41,081		\$41,081				\$44,835	\$46,021	\$46,021	
1088	Advisory Commission on the Status of Women.....	49,024		49,024							
1089	Aid to Victims of Crimes of Violence.....										
1090	California Arts Commission.....	137,643		137,643							
1092	California Bicentennial Celebration Commission.....										
1093	Commission of the Californias.....	30,627		30,627							
1094	Colorado River Boundary Commission.....										
1094	Board of Commissioners for Humboldt Bay.....	2,757		2,757							
1095	Personal Services Not Elsewhere Reported.....	1,014,133		1,014,133							
1096	Refunds of Taxes, Licenses, and Other Fees.....	24,186		24,186							
1099	World Trade Authorities Coordinating Council.....	233,938		233,938							
1100	Migrant Master Plan.....	215,310		215,310							
	Totals, Miscellaneous.....	\$1,748,699		\$1,748,699				\$1,975,180	\$1,281,000	\$5,295,962	
Debt Service:											
1101	Bond Interest and Redemption.....	\$63,514,919		\$63,514,919				\$67,821,417	\$76,236,016	\$76,236,016	
1103	Payment of Interest on General Fund Loans.....	11,401,591		11,401,591				14,339,057	12,794,437	12,794,437	
	Totals, Debt Service.....	\$74,916,510		\$74,916,510				\$82,160,474	\$89,030,453	\$89,030,453	
Unallocated:											
1111	Provision for Salary Increases.....										
1114	Reserve for Contingencies.....										
	Administration and Payment of Tort Liability Claims.....										
1120	Legislative Claims.....	\$410,578		\$410,578							
1121	Legislative Claims.....	211,351		211,351							
1121	Legislative Claims—Bond Funds <sup>b</sup> .....										
	Totals, Unallocated.....										

<sup>b</sup> Legislative claims from bond funds. Expenditures from bond funds not included in overall budget totals.



# **Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Organization Unit	Page Ref- er- ence	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>STATE OPERATIONS—Continued</b>										
Unallocated—Continued										
Workmen's Compensation Benefits for State Employees-----	1123	\$3,987,000		\$3,987,000						
Workmen's Compensation Benefits for Subsequent Injuries-----	1123	1,103,911		1,103,911	\$1,197,000		\$1,197,000	\$1,300,000		\$1,300,000
<b>Totals, Unallocated-----</b>		\$5,712,840	\$55,384	\$5,768,224	\$2,214,919	\$23,780	\$2,238,699	\$60,754,466	\$20,210,422	\$80,964,888
Credits to General Fund for Overhead Services Charged to Agencies Supported from Special Funds-----		— \$8,251,967		— \$8,251,967	— \$9,000,000		— \$9,000,000	— \$9,500,000		— \$9,500,000
Estimated Unidentifiable Savings-----					— 3,000,000		— 3,000,000	— 7,500,000		— 7,500,000
<b>TOTALS, STATE OPERATIONS-----</b>		\$1,061,521,349	\$264,762,475	\$1,326,283,824	\$1,123,988,666	\$305,492,169	\$1,431,480,835	\$1,268,524,892	\$339,437,629	\$1,607,962,521
Bond Funds °			(127,198)	(127,198)		(131,000)	(131,000)		(126,751)	(126,751)

° Expenditures from bond funds not included in overall budget totals.

# **Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	<b>LOCAL ASSISTANCE</b>									
	<b>Subventions:</b>									
	<b>Agriculture:</b>									
1125	Assistance to County Agricultural Fairs and Citrus Fruit Fairs.....		\$2,920,011	\$2,920,011	—\$185,900	\$3,951,762	\$3,765,862	—\$178,400	\$2,544,500	\$2,366,100
1127	Salaries of County Agricultural Commissioners.....	\$171,600		171,600	171,600		171,600	171,600		171,600
1127	Assistance to Cities and Counties for Land under Contract.....							1,000		1,000
	<b>Totals, Agriculture.....</b>	<b>\$171,600</b>	<b>\$2,920,011</b>	<b>\$3,091,611</b>	<b>—\$14,300</b>	<b>\$3,951,762</b>	<b>\$3,937,462</b>	<b>—\$5,800</b>	<b>\$2,544,500</b>	<b>\$2,538,700</b>
	<b>Corrections:</b>									
1128	Assistance to Counties for Maintenance of Juvenile Homes and Camps.....	\$3,019,335		\$3,019,335	\$3,139,980		\$3,139,980	\$3,342,000		\$3,342,000
1128	Assistance for Control of Juveniles.....	45,500		45,500	45,500		45,500	55,330		55,330
1129	Assistance to County Delinquency Prevention Commissions.....	13,000		13,000	20,000		20,000	25,000		25,000
1129	Assistance to Counties for Special Probation Supervision Programs.....				4,507,682		4,507,682	7,900,000		7,900,000
	<b>Totals, Corrections.....</b>	<b>\$3,077,835</b>		<b>\$3,077,835</b>	<b>\$7,713,162</b>		<b>\$7,713,162</b>	<b>\$11,322,330</b>		<b>\$11,322,330</b>
	<b>Education:</b>									
1131	Apportionments for Public Schools.....	\$1,046,630,243	\$3,163,590	\$1,049,793,833	\$1,200,214,693	\$3,047,377	\$1,203,262,070	\$1,250,311,600	\$2,950,000	\$1,253,261,600
1134	Educational Television.....	544,805		544,805	647,018		647,018	750,000		750,000
1135	Assistance to New Junior Colleges.....	3,154,398		3,154,398	1,715,372		1,715,372	2,000,000		2,000,000
1135	Elementary School Reading Instruction Program.....	2,021,074		2,021,074	11,000,000		11,000,000	16,000,000		16,000,000
1135	Mathematics Improvement Program.....							925,000		925,000
1136	Compensatory Education.....	12,193,329		12,193,329	11,000,000		11,000,000	11,000,000		11,000,000
1137	Children's Centers.....	7,576,415		7,576,415	13,606,702		13,606,702	14,646,702		14,646,702
1138	Contributions to Teachers' Retirement Fund.....	61,000,000		61,000,000	61,500,000		61,500,000	71,500,000		71,500,000
1139	Grants to Teachers of Physically Handicapped Minors.....	127,090		127,090	150,000		150,000	150,000		150,000
1140	Debt Service on Public School Building Bonds.....	62,156,543		62,156,543	52,772,260		52,772,260	54,809,440		54,809,440
1143	Free Textbooks.....	17,525,648		17,525,648	21,260,092		21,260,092	20,952,963		20,952,963
1146	Assistance to Public Libraries.....	988,043		988,043	800,000		800,000	800,000		800,000
1147	School Building Construction.....		208,739	208,739						
1147	Vocational Education—Reimbursements to School Districts.....	980,161		980,161	1,030,271		1,030,271	1,030,271		1,030,271
	<b>Totals, Education.....</b>	<b>\$1,214,897,749</b>	<b>\$3,372,329</b>	<b>\$1,218,270,078</b>	<b>\$1,375,690,408</b>	<b>\$3,047,377</b>	<b>\$1,378,743,785</b>	<b>\$1,444,965,976</b>	<b>\$2,950,000</b>	<b>\$1,447,915,976</b>
	<b>Health and Welfare:</b>									
	<b>Mental Hygiene</b>									
	Assistance to Local Agencies for Mental Health Services.....	\$18,600,733		\$18,600,733	\$23,901,030		\$23,901,030	\$27,500,000		\$27,500,000
1151										



# Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	LOCAL ASSISTANCE—Continued									
	Subventions—Continued									
	Health and Welfare—Continued									
	Public Health:									
	Assistance to Counties for Care of Crippled Children.....	\$9,470,396	-----	\$9,470,396	\$9,796,963	-----	\$9,796,963	\$10,884,273	-----	\$10,884,273
1163	Assistance to Counties for Tuberculosis.....	2,881,202	-----	2,881,202	2,750,000	-----	2,750,000	2,499,997	-----	2,499,997
1164	Sanatoria.....	509,892	-----	509,892	579,922	-----	579,922	605,223	-----	605,223
1165	Assistance to Counties without Local Health Departments.....	4,605,777	-----	4,605,777	4,605,777	-----	4,605,777	4,701,076	-----	4,701,076
1166	Assistance to Local Health Departments.....	50,000	-----	50,000	-----	-----	-----	-----	-----	-----
1166	Assistance to Local Agencies for Gnat Control.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
1166	Assistance to Local Agencies for Treatment of Physically Handicapped Children.....	2,108,328	-----	2,108,328	2,469,608	-----	2,469,608	2,794,000	-----	2,794,000
1167	Assistance to Local Agencies for Alcoholism Programs.....	1,189,025	-----	1,189,025	150,000	-----	150,000	157,500	-----	157,500
1167	Assistance to Local Agencies for Mental Retardation Services.....	1,112,439	-----	1,112,439	1,513,000	-----	1,513,000	1,583,000	-----	1,583,000
1168	Assistance to Local and Nonprofit Agencies for Hospital Construction.....	17,979,125	-----	17,979,125	22,874,271	-----	22,874,271	-----	-----	-----
1168	Totals, Public Health.....	\$39,906,184	-----	\$39,906,184	\$44,739,541	-----	\$44,739,541	\$23,225,069	-----	\$23,225,069
	Social Welfare:									
	Public Assistance Programs:									
1173	Aid to Blind.....	\$6,565,458	-----	\$6,565,458	\$7,620,800	-----	\$7,620,800	\$7,815,600	-----	\$7,815,600
1173	Aid to Potentially Self-Supporting Blind.....	162,873	-----	162,873	208,300	-----	208,300	219,700	-----	219,700
1174	Aid to Disabled.....	59,645,815	-----	59,645,815	80,119,000	-----	80,119,000	101,799,800	-----	101,799,800
1174	Aid to Families with Dependent Children.....	141,248,999	-----	141,248,999	165,308,300	-----	165,308,300	190,082,100	-----	190,082,100
1174	Old Age Security.....	150,194,938	-----	150,194,938	157,631,200	-----	157,631,200	166,130,900	-----	166,130,900
1174	Less Public Assistance Programs Savings.....	-----	-----	-----	-1,500,000	-----	-1,500,000	-10,000,000	-----	-10,000,000
1174	Total, Public Assistance Program.....	\$357,818,083	-----	\$357,818,083	\$409,387,600	-----	\$409,387,600	\$456,048,100	-----	\$456,048,100
1184	Special Social Service Programs.....	12,129,540	-----	12,129,540	16,126,743	-----	16,126,743	15,980,508	-----	15,980,508
1184	Total, Social Welfare.....	\$369,947,623	-----	\$369,947,623	\$425,514,343	-----	\$425,514,343	\$472,028,608	-----	\$472,028,608
1213	Medical Assistance Program.....	\$252,390,755	-----	\$252,390,755	\$274,000,000	-----	\$274,000,000	\$336,000,000	-----	\$336,000,000
1213	Totals, Health and Welfare.....	\$680,845,295	-----	\$680,845,295	\$768,154,914	-----	\$768,154,914	\$858,753,677	-----	\$858,753,677
	Resources:									
1215	Assistance for Construction of Sewerage and Storm Drainage Facilities.....	-----	-----	-----	\$2,000,000	-----	\$2,000,000	\$3,800,000	-----	\$3,800,000
1215	Grants to Local Governments for Recreation.....	-----	-----	-----	-----	-----	-----	-1,800,000	-----	-1,800,000
1217	Totals.....	-----	-----	-----	-----	-----	-----	-----	-----	-----
1217	Totals.....	-----	-----	-----	-----	-----	-----	-----	-----	-----

\* From the State Beach, Park, Recreational and Historical Facilities Fund.

# **Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
	LOCAL ASSISTANCE—Continued									
	Subventions—Continued									
	State Financial Assistance to Local Agencies									
	for Small Craft Harbors									
1230	Grants to Soil Conservation Districts	\$74,000	\$3,781,821	\$3,781,821	— \$2,900,000	\$4,000,000	\$1,100,000		\$3,893,574	\$3,893,574
1236				74,000	23,000		23,000			
	Totals, Resources	\$74,000	\$3,781,821	\$3,855,821	— \$1,077,000	\$6,000,000	\$4,923,000	— \$1,800,000	\$7,693,574	\$5,893,574
			(11,546,171)	(11,546,171)		(9,960,533)	(9,960,533)		(2,351,062)	(2,351,062)
	Transportation:									
	Airport Assistance									
1237	Local Roads and Highways		\$398,747	\$398,747			\$1,425,000		\$1,425,000	\$1,425,000
1238	Grade Crossing Protection Works		7,702,727	7,702,727			7,226,982		9,114,851	9,114,851
1239	Southern California Rapid Transit District		4,868,198	4,868,198			5,943,896		6,450,000	6,450,000
1239			900,000	900,000	\$2,785,921		2,785,921			
	Totals, Transportation		\$13,869,672	\$13,869,672	\$2,785,921	\$14,595,878	\$17,381,799		\$16,989,851	\$16,989,851
	Other Purposes:									
	Salaries of Superior Court Judges									
1241	Contribution to Judges' Retirement Fund	\$5,792,611		\$5,792,611	\$6,131,468		\$6,131,468	\$6,281,000		\$6,281,000
1242	Workmen's Compensation for Disaster	1,573,186		1,573,186	2,139,691		2,139,691	2,517,360		2,517,360
1243	Service Workers	43,449		43,449	50,000		50,000	50,000		50,000
1243	Assistance to Cities and Counties for Peace									
1243	Officers' Standards and Training		\$771,921	771,921		\$1,873,700	1,873,700		\$2,156,016	2,156,016
1244	Assistance to Counties for Public Defenders	630,140		630,140	600,000		600,000	875,000		875,000
1244	Storm and Flood Damage Repair	— 30,000	— 60,424	— 90,424	498,983	1,539,146	2,038,129		— 1,022	— 1,022
1246	Earthquake Damage Repair	— 111,761		— 111,761	— 113,127		— 113,127	— 114,524		— 114,524
1247	Veterans Housing	— 7,366		— 7,366	— 7,500		— 7,500	— 2,500		— 2,500
1247	Property Tax Relief							194,106,992		194,106,992
1248	Senior Citizens Property Tax Assistance							22,000,000		22,000,000
	Totals, Other Purposes	\$7,890,259	\$711,497	\$8,601,756	\$9,299,515	\$3,412,846	\$12,712,361	\$225,713,328	\$2,154,994	\$227,868,322
	Totals, Subventions	\$1,906,956,738	\$24,655,330	\$1,931,612,068	\$2,162,558,620	\$31,007,863	\$2,193,566,483	\$2,538,949,511	\$32,332,919	\$2,571,282,430
	Shared Revenue:									
	For General Government:									
1249	Apportionment of Liquor License Fees									
1249	Apportionment of Motor Vehicle License									
1249	Fees		\$11,043,605	\$11,043,605			\$12,000,169		\$12,000,800	\$12,000,800
1249	Apportionment of Cigarette Tax		186,779,117	186,779,117			186,779,117		193,100,000	193,100,000
1249	Apportionment of Highway Properties						45,176,293		71,113,071	71,113,071
1249	Rental Receipts		954,576	954,576			699,461		750,000	750,000
	Totals, General Government		\$198,777,298	\$198,777,298		\$244,655,040	\$244,655,040		\$276,963,871	\$276,963,871
	For Cities and Counties Tideland Development:									
	Apportionment of tideland revenue									
1250	For County Roads:	\$203,507		\$203,507	\$203,000		\$203,000	\$203,000		\$203,000
1250	Apportionment of Motor Vehicle Fuel Tax		\$118,669,801	\$118,669,801			\$122,500,000		\$126,900,000	\$126,900,000



# **Schedule 3—COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Organization Unit	Page Ref-er-ence	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
LOCAL ASSISTANCE—Continued										
Shared Revenue—Continued										
For City Streets:	1250									
Apportionment of Motor Vehicle Fuel Tax.....			\$64,418,441	\$64,418,441		\$56,210,000	\$56,210,000		\$87,781,158	\$87,781,158
For County Roads and City Streets:										
Apportionment of Motor Vehicle Fuel Tax.....	1250		95,454,283	95,454,283		78,400,000	78,400,000		81,619,491	81,619,491
Totals, Shared Revenues.....		\$203,507	\$477,319,823	\$477,523,330	\$203,000	\$501,765,040	\$501,968,040	\$203,000	\$573,264,520	\$573,467,520
TOTALS, LOCAL ASSISTANCE.....		\$1,907,160,245	\$501,975,153	\$2,409,135,398	\$2,162,761,620	\$532,772,903	\$2,695,534,523	\$2,539,152,511	\$605,597,439	\$3,144,749,950
Grants to Local Governments from Bond Funds <sup>a</sup>			(11,546,171)	(11,546,171)		(9,960,533)	(9,960,533)		(2,351,062)	(2,351,062)
CAPITAL OUTLAY <sup>b</sup>										
State Building Program.....	b	\$16,325,692	\$3,915,361	\$20,241,053	\$21,359,894	\$15,740,092	\$37,099,986	\$63,334,929	\$47,536,563	\$110,861,492
			(126,855,210)	(126,855,210)		(246,325,625)	(246,325,625)		(25,703,587)	(25,703,587)
District Fair Construction Program.....	b	1,903,415	(28,633)	(28,633)		(78,320)	(78,320)		(100,000)	(100,000)
State Highway Program.....	b		1,679,108	3,582,523	57,538	3,354,560	3,412,098		1,489,500	1,489,500
Wildlife Conservation Program.....	b		344,753,806	344,753,806		470,013,689	470,013,689		330,320,149	330,320,149
			918,210	918,210		3,631,828	3,631,828		1,408,100	1,408,100
Parks and Recreation Acquisition and Development Program.....	b		(1,505,615)	(1,505,615)		(365,766)	(365,766)		(1,403,708)	(1,403,708)
		10,391,496	260	10,391,756	1,639,762	435,038	2,074,800	5,935,735		5,935,735
California Water Facilities Program.....	b	286,194	(20,971,846)	(20,971,846)		(25,548,006)	(25,548,006)		(31,290,104)	(31,290,104)
			9,404,946	9,691,140	208,165	10,655,000	10,863,165	553,501	10,645,320	11,198,821
			(10,307,326)	(10,307,326)		(76,076,144)	(76,076,144)		(266,356,714)	(266,356,714)
Other Capital Outlay Programs.....	b	19,609,042	(342,950,700)	(342,950,700)		(291,334,903)	(291,334,903)		(137,699,785)	(137,699,785)
				19,609,042	16,253,785		16,253,785	20,578,055		20,578,055
TOTALS, CAPITAL OUTLAY.....		\$48,515,839	\$360,671,691	\$409,187,530	\$39,519,144	\$503,830,307	\$543,349,351	\$90,402,220	\$391,389,632	\$481,791,852
Bond Funds <sup>c</sup>			(502,619,330)	(502,619,330)		(639,728,764)	(639,728,764)		(462,553,898)	(462,553,898)
TOTALS, EXPENDITURES:										
STATE OPERATIONS:										
Bond Funds <sup>c</sup>		\$1,061,521,349	\$264,762,475	\$1,326,283,824	\$1,125,988,666	\$305,492,169	\$1,431,480,835	\$1,268,524,892	\$339,437,629	\$1,607,962,521
			(127,198)	(127,198)		(131,000)	(131,000)		(126,751)	(126,751)
LOCAL ASSISTANCE.....		1,907,160,245	501,975,153	2,409,135,398	2,162,761,620	532,772,903	2,695,534,523	2,539,152,511	605,597,439	3,144,749,950
Bond Funds <sup>c</sup>			(11,546,171)	(11,546,171)		(9,960,533)	(9,960,533)		(2,351,062)	(2,351,062)
CAPITAL OUTLAY.....		48,515,839	360,671,691	409,187,530	39,519,144	503,830,307	543,349,351	90,402,220	391,389,632	481,791,852
Bond Funds <sup>c</sup>			(502,619,330)	(502,619,330)		(639,728,764)	(639,728,764)		(462,553,898)	(462,553,898)
TOTALS, EXPENDITURES.....		\$3,017,197,433	\$1,127,409,319	\$4,144,606,752	\$3,328,269,430	\$1,342,095,279	\$4,670,364,709	\$3,898,079,623	\$1,336,434,700	\$5,234,504,323
Bond Funds <sup>c</sup>			(514,292,699)	(514,292,699)		(649,820,297)	(649,820,297)		(465,031,711)	(465,031,711)

<sup>a</sup> From the State Beach, Park, Recreational and Historical Facilities Fund.

<sup>b</sup> See Capital Outlay Budget for details.

<sup>c</sup> Expenditures from bond funds not included in overall budget totals.

## CLASSIFICATION OF FUNDS IN THE STATE TREASURY

The Budget totals of revenues and expenditures reflect the activities of many separate funds. See Schedules 4 and 5 for complete list of these funds. They are segregated into the following classifications:

**GENERAL FUND**—Consists of money received into the State Treasury not required by law to be credited to any other fund, to be used for general purposes of State Government.

**SPECIAL FUNDS**—Funds created to receive certain revenues or to finance particular activities which are for general purposes of State Government or are for activities subject to the regulatory or police powers of the state.

**OTHER FUNDS**—See Schedule 5 for list of funds which are not included in the Budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. There are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. Funds not included in the Budget totals are segregated into the following classifications:

*Working Capital and Revolving Funds*—Funds created to finance services for governmental agencies for which charges are made at cost to maintain a fixed accountability. The charges are reflected as expenditures in the Budget at the agency receiving the commodity or service.

*Public Service Enterprise Funds*—Activities operated under state control for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues. These functions are not subject to the regulatory or police powers of the state.

*Bond Funds*—To hold proceeds from the sale of bonds and to finance projects for which the bonds were authorized. The cost to the state is charged at the time interest payments are made and when the bonds are redeemed. (See Treasury funds for which no detailed transactions are reported in the Budget.)

*Retirement Funds*—Moneys held in trust by the state for retirement benefit payments.

*Debt Service Funds*—Moneys held by the state to be used for payment of interest or for redemption of bonds.

*Trust and Agency Funds*—Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.



## Schedule 4

## SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1966, 1967, 1968, AND 1969

Fund	Page refer- ence	Accumulated surplus June 30, 1966	Actual income 1966-67	Actual expenditures 1966-67	Transfers between funds	Accumulated surplus June 30, 1967	Estimated income 1967-68	Estimated expenditures 1967-68	Transfers between funds	Accumulated surplus June 30, 1968	Estimated income 1968-69	Estimated expenditures 1968-69	Transfers between funds	Accumulated surplus June 30, 1969
<b>GENERAL FUND</b>	A-3	\$126,041,776 b2,649,273	\$2,894,868,731	\$3,017,197,433		\$9,450,246 b40,903,101	\$3,515,812,223	\$3,328,269,430		\$37,738,363 b194,000,000 b12,166,777	\$3,869,793,147	\$3,898,079,623		\$9,340,033 b194,000,000 b12,269,651
<i>Transfers From Other Funds:</i>														
California Museum of Science and Industry Fund			(+58,832)		(+58,832)		(+58,832)							
California Water Fund			(+11,068,169)		(+11,068,169)		(+2,311,684)				(+2,659,658)		(+2,659,658)	
Employment Contingent Fund			(+1,441,236)		(+1,441,236)		(+12,108,658)				(+11,797,439)		(+11,797,439)	
Fair and Exposition Fund			(+16,266,437)		(+16,266,437)						(+2,788,230)		(+2,788,230)	
Motor Vehicle Fund														
<i>Transfers to Other Funds:</i>														
Assembly Contingent Fund				(+7,065,496)	(-7,065,496)			(+9,023,012)	(-9,023,012)			(+8,794,716)	(-8,794,716)	
California Museum of Science and Industry Fund				(+409,534)	(-409,534)			(+462,406)	(-462,406)					
Capital Outlay Fund for Public Higher Education														
Contingent Funds of the Assembly and Senate														
Insurance Fund				(+112,500)	(-112,500)			(+2,978,000)	(-2,978,000)			(+63,000,000)	(-63,000,000)	
Poultry Testing Project Fund				(+75,086)	(-75,086)			(+103,500)	(-103,500)			(+3,500,000)	(-3,500,000)	
Property Tax Relief Fund														
Senate Contingent Fund				(+3,431,341)	(-3,431,341)			(+3,723,483)	(-3,723,483)			(+194,106,992)	(-194,106,992)	
State Fair Fund				(+590,131)	(-590,131)			(+214,590)	(-214,590)			(+3,815,305)	(-3,815,305)	
<b>SPECIAL FUNDS:</b>														
Agriculture Fund	115	1,732,282 b2,659,768	10,316,759	9,764,704		2,334,337 b2,609,768	10,204,599	9,627,519		2,989,417 b2,534,768	10,374,163	10,274,142		3,161,438 b2,459,768
Aeronautics Fund	1238	—874	-1,421,245	219,095	+3,633,334 -742,000	1,250,120	-1,456,500	320,452	+3,100,000 -2,663,168	—	-1,456,500	524,877	+3,300,000 -1,318,623	—
Airport Assistance Revolving Fund	1238	1,283,389	67,688	398,747	+742,000	a1,094,330	85,000	1,475,000	-2,663,168	a2,967,498	85,000	1,475,000	+1,318,623	a2,896,121
Alcohol Beverage Control Fund	761	802,166	11,568,208	11,043,605		a1,326,769	11,647,400	12,000,169		a974,000	12,323,500	12,000,800		a1,297,000
Architecture Public Building Fund	71	76,006	1,400,424	1,508,487		-32,057	1,538,542	1,536,350		-29,865	1,575,150	1,544,890		395
Assembly Contingent Fund	3	1,474,357		6,370,230				9,042,156				8,794,716		
Banking Fund	769	751,160	1,183,996	-7,065,496	(+7,065,496)	a1,869,623	1,261,397	-9,023,012	(+3,023,012)	a1,850,479		-8,794,716	(+8,794,716)	a1,850,479
California Museum of Science and Industry Fund	148	127,741	557,986	941,069	+15,000 (-409,534)	110,360	614,218	1,143,152	(+462,406)	669,085	1,321,603	1,363,193		627,495
California Water Fund	*	19,578,935	20,440,006	8,703,815	(-58,832) (-188,000)	a20,063,967	-58,832	-462,406	(-58,832)	a20,707,864	11,926,224	10,742,681	+188,000	a22,079,407
Capital Outlay Fund for Public Higher Education	*		-11,058,159		(-11,058,159)		11,943,536	11,304,939						
							24,268,658	4,004,204		20,264,454	22,288,158	91,494,900		
Chiropractic Examiners Fund	806	82,702	112,403	107,215		87,890	118,940	103,314		108,516	116,340	-53,000,000	(+53,000,000)	4,057,712
Cigarette Tax Fund	1250						59,921,000	49,097,293		10,823,707	71,370,000	106,049		116,807
Collection Agency Fund	809	14,288	166,853	150,316		30,830	210,040	205,400		35,470	208,150	214,763		11,080,636
Contingent Funds of the Assembly and Senate	3							2,978,000				3,500,000		28,857
Employment Contingent Fund	*	974,678	3,070,256	1,603,698		970,000	2,925,000	-2,978,000	(+2,978,000)	1,000,000	3,312,500	-3,500,000	(+3,500,000)	1,000,000
			-1,441,236		(-1,441,236)	a30,000	-2,311,684	613,316	(-2,311,684)		-2,659,658	652,842	(-2,659,658)	

**Schedule 4—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1966, 1967, 1968, AND 1969—Continued**

Fund	Page refer- ence	Accumulated surplus June 30, 1966	Actual income 1966-67	Actual expenditures 1966-67	Transfers between funds	Accumulated surplus June 30, 1967	Estimated income 1967-68	Estimated expenditures 1967-68	Transfers between funds	Accumulated surplus June 30, 1968	Estimated income 1968-69	Estimated expenditures 1968-69	Transfers between funds	Accumulated surplus June 30, 1969
<b>SPECIAL FUNDS—Continued</b>														
Electronic Repair Dealer Registration Fund.....	816	\$235,942	\$215,623	\$247,457	—265,000	\$234,108	\$244,400	\$247,682	—265,000	\$230,826	\$247,006	\$261,607	—205,000	\$216,225
Fair and Exposition Fund.....	•	3,077,142	25,583,115	8,450,029	—15,000	459,369	20,000,000	11,276,133	—16,000	20,000,000	20,000,000	8,007,571	(+11,727,429)	6,606,467
			—16,266,437	12,957,240	(-16,265,437)	8,305,422	—12,108,558	16,108,645	(-12,108,558)	7,120,450	14,434,177	14,948,160		6,584,656
Fish and Game Preservation Fund.....	900	7,937,945	14,320,238	603,969,448	+660,526,847	182,658,821	6,940,000	623,504,174	+471,440,688	37,785,335	6,790,000	474,680,649	+437,690,000	736,028
Highway Fund.....	•	128,532,484	7,313,938	954,576	+255,000	735,489	700,000	699,461	+250,000	736,028	750,000	750,000	+566,650,000	30,723,722
Highway Properties Rental Fund.....	•	554,572	1,135,493	118,669,801	+684,835,043	6,051	1,245	7,296	+99,000,000	4,034,683	5,000	5,000	+97,000,000	123,554
Highway Users Tax Fund.....	•	1,381,964	3,185,734	3,724,610	+21,042,167	955,388	3,233,618	4,000,785	+16,930,000	291,721	4,036,250	4,306,250	+437,690,000	32,993
Indemnity Fund.....	1090	1,031	5,020	—112,300	—650,526,847	23,705	37,200	14,577	(-103,500)	46,328	1,200	1,200	(-2,788,230)	42,445,132
Insurance Fund.....	776	26,572	8,878	11,745	—94,000,000	46,530,781	237,773,370	141,802,066	—99,000,000	47,321,572	249,051,667	154,139,877	(-2,788,230)	5,581,972
Marriage Counselors Fund.....	825	42,212,503	216,697,588	114,559,123	—94,000,000	1,000,000	578,968,332	6,200,486	—666,091,000	4,486,846	597,103,598	6,221,472	—680,560,000	27,974,557
Motor Vehicle Fund.....	559	48,053,639	647,337,043	5,922,305	—884,835,043	16,718,056	200,082,370	193,678,671	—3,190,000	22,118,855	206,123,229	200,267,497	—3,300,000	1,390,852
Motor Vehicle License Fee Fund.....	1047	14,606,312	194,434,503	193,325,759	—21,042,167	—435,038	19,336,000	1,742,464	—16,930,000	413,536	21,130,000	1,312,684	—18,840,000	250,000
Motor Vehicle Transportation Tax Fund.....	558	2,237,008	21,044,654	1,984,493	—255,000	609,763	1,687,256	1,955,749	—250,000	311,269	2,250,000	2,311,269		100,000
Peace Officers Training Fund.....	751	464,947	1,022,019	867,203		139,289	1,061,963	1,096,124		101,628	1,098,823	1,099,951		41,634
Petroleum and Gas Fund.....	870	116,529	1,015,671	988,911		38,556	27,800	25,577		47,500	27,900	27,145		1,151
Pilot Commissioner's Special Fund.....	701	38,707	27,764	93,832		97,051	15,570	71,485		41,436	12,680	52,965		
Poultry Testing Project Fund.....	150	64,570	51,327	—75,086	(+75,086)									
Professional and Vocations Fund:														
Accountancy Fund.....	799	369,241	482,544	338,710		515,075	116,497	316,737		314,835	506,495	331,688		459,642
Architectural Examiners Fund.....	801	355,557	101,732	111,383		345,906	269,712	145,796		472,822	110,950	145,628		438,144
Barber Examiners Fund.....	803	233,039	153,977	360,793		26,223	669,634	415,145		280,712	170,302	418,896		32,118
Cemetery Fund.....	805	29,590	70,639	67,795		32,434	73,415	73,710		32,139	74,910	74,813		32,236
Certified Clinical Social Workers Fund.....	839					125,000	27,709	27,709		97,291	35,000	27,159		105,132
Contractors' License Fund.....	810	1,874,703	489,376	2,261,550		102,529	4,236,361	2,376,753		1,962,637	521,877	2,364,476		130,038
Cosmetology's Contingent Fund.....	812	607,323	1,128,942	726,312		1,009,953	327,056	742,291		594,718	819,639	819,639		902,590
Dentistry Fund.....	813	262,182	72,150	171,701		162,631	335,576	227,070		271,136	82,288	210,122		143,302
Dry Cleaners Fund.....	815	287,252	779,235	441,873		624,614	106,438	462,601		278,451	785,962	460,023		607,390
Bureau of Employment Agencies Fund.....	818	30,808	198,999	104,244		129,563	23,565	108,304		211,200	233,474	136,223		308,451
Funeral Directors and Embalmers Fund.....	819	121,257	1,048,935	635,052		634,600	81,194	306,194		44,824	120,420	110,001		65,243
Furniture and Bedding Inspection Fund.....	821	44,652	7,055	29,682		22,025	53,650	31,473		309,600	932,497	448,765		793,332
Landscape Architects Fund.....	824	2,369,749	494,040	879,120		1,984,669	1,534,735	929,986		44,202	7,565	31,473		20,171
Medical Examiners Contingent Fund.....	828									2,589,418	428,890	1,036,351		1,970,957
Nursing Education and Nurse Registration Fund.....	830	363,571	686,836	607,333		343,074	600,042	596,679		346,437	596,448	632,223		309,662
Optometry Fund.....	831	48,050	130,068	69,975		108,143	12,750	64,121		56,772	137,578	71,526		122,824
Osteopathic Examiners, Contingent Fund of the Board of.....	833	11,429	9,411	7,034		13,806	9,055	7,713		15,148	8,530	7,939		15,689
Pharmacy Board Contingent Fund.....	834	286,730	314,158	519,129		81,759	760,323	578,656		263,426	353,316	578,143		38,598
Physical Therapy Fund.....	828	34,484	730	12,161		23,053	28,500	10,939		40,614	32	11,989		28,657



# **Schedule 4—SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1966, 1967, 1968, AND 1969—Continued**

Fund	Page refer- ence	Accumulated surplus June 30, 1966	Actual income 1966-67	Actual expenditures 1966-67	Transfers between funds	Accumulated surplus June 30, 1967	Estimated income 1967-68	Estimated expenditures 1967-68	Transfers between funds	Accumulated surplus June 30, 1968	Estimated income 1968-69	Estimated expenditures 1968-69	Transfers between funds	Accumulated surplus June 30, 1969
<b>SPECIAL FUNDS—Continued</b>														
Professional and Vocations Fund—Continued														
Private Investigator and Adjuster Fund.....	835	\$168,080	\$107,077	\$114,773	-----	\$98,060	\$147,047	\$101,757	-----	\$141,280	\$128,475	\$108,130	-----	\$104,625
Professional Engineers Fund.....	807	193,068	804,256	545,206	-----	512,091	1,213,590	603,426	-----	1,122,632	1,415,692	617,094	-----	1,921,540
Registered Social Workers' Fund.....	839	30,888	34,125	31,620	-----	33,393	35,060	27,431	-----	41,062	35,750	27,709	-----	40,053
Shorthand Reporters' Fund.....	837	61,887	62,475	28,306	-----	66,063	13,450	30,754	-----	78,749	59,425	31,310	-----	106,804
Structural Pest Control Fund.....	841	40,515	525,828	444,309	-----	122,044	636,705	461,618	-----	297,131	693,014	491,312	-----	498,883
Veterinary Examiners' Contingent Fund.....	842	63,004	22,825	49,514	-----	30,315	63,580	74,639	-----	55,650	12,000	67,461	-----	195
Vocational Nurse Examiners' Fund.....	845	225,408	502,228	224,775	-----	502,801	390,401	267,510	-----	525,746	561,135	272,580	-----	944,301
Yacht and Ship Brokers Fund.....	846	45,013	21,207	26,144	-----	40,106	22,342	29,115	-----	33,333	22,347	30,744	-----	24,936
Property Tax Relief Fund.....	1248	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Real Estate Education, Research and Recovery Fund.....	780	1,012,151	590,671	013,710	-----	986,415	547,319	578,739	-----	535,633	572,975	590,560	-----	568,158
Real Estate Fund.....	779	536,151	2,603,270	3,066,643	-----	82,778	2,802,335	2,943,011	-----	314,483	3,147,680	3,040,652	-----	421,211
Savings and Loan Inspection Fund.....	789	2,227,683	2,713,518	2,500,965	-----	2,436,606	2,626,323	2,746,804	-----	2,310,330	2,829,638	2,749,342	-----	2,300,696
Seaside Contingent Fund.....	3	880,227	-----	3,235,780	-----	1,075,788	-----	4,014,476	-----	-----	-----	4,100,060	-----	-----
State College Extension Programs Revenue Fund.....	507	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
State Fair Fund.....	83	111,441	2,016,573	2,562,684	-----	188,179	7,044,175	8,321,641	-----	-----	1,731,283	2,410,889	-----	-----
State School Fund.....	1134	55,903	2,646,800	2,610,458	-----	86,305	2,859,778	2,850,060	-----	200,732	2,852,490	2,850,060	-----	98,573
State School Construction Fund.....	1148	221,471	-----	-----	-----	260,732	-----	-----	-----	-----	-----	-----	-----	12,732
State Water Quality Control Fund.....	1216	796,816	272,884	782,835	-----	173,705	120,701	1,203,583	-----	-----	3,800,060	3,800,060	-----	-----
Street and Highway Disaster Fund.....	1245	120,183	67,286	102,103	-----	115,398	100,343	111,577	-----	104,135	108,372	112,507	-----	100,000
Subsidized Abatement Fund.....	871	2,817,291	5,306,235	4,711,109	-----	3,412,417	4,510,890	5,148,650	-----	2,774,657	4,760,781	5,258,019	-----	2,276,519
Transportation Rate Fund.....	854	1,512,164	844,523	789,787	-----	1,580,690	835,286	846,264	-----	1,575,892	823,925	860,002	-----	1,539,515
Wildlife Restoration Fund.....	*	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	20,141,944	-----	-----
Provision for Salary Increases.....	1111	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	1,276,006	-----	-----
Personal Services Not Elsewhere Reported.....	1005	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>TOTALS, SPECIAL FUNDS</b> .....		\$264,225,343	\$1,177,666,317	\$1,127,409,319	-----	\$277,899,267	\$1,230,077,888	\$1,342,005,279	-----	\$173,061,306	\$1,270,667,602	\$1,336,424,760	-----	\$106,016,708
		b2,656,768	-----	-----	-----	b2,006,768	b2,006,768	-----	-----	b2,534,768	-----	-----	-----	b2,459,768
		-----	-----	-----	-----	e4,000	-----	-----	-----	e7,500	-----	-----	-----	e8,000
<b>GRAND TOTALS, ALL STATE FUNDS</b> .....		\$420,267,119	\$4,072,538,048	\$4,144,066,752	-----	\$257,355,513	\$1,745,896,211	\$4,070,364,709	-----	\$210,735,063	\$5,140,400,749	\$5,234,504,323	-----	\$115,365,741
		b2,646,273	-----	-----	-----	b2,006,768	-----	-----	-----	b2,534,768	-----	-----	-----	b2,459,768
		b2,659,768	-----	-----	-----	e4,000	-----	-----	-----	e7,500	-----	-----	-----	e8,000

	<b>June 30, 1968</b>	<b>June 30, 1969</b>
1 General Fund—Reserve for Working Capital.....	\$194,000,000	\$194,000,000
2 General Fund—Unencumbered Balance of Continuing Appropriations:		
State Operations.....	572,320	440,321
Local Assistance:		
Education.....	10,345,214	11,820,310
Capital Outlay:		
General Administration.....	949,213	-----
Fiscal Affairs.....	360,100	-----
Total Unencumbered Balance of Continuing Appropriations—General Fund.....	\$12,106,777	\$12,269,631
* See Capital Outlay Budget.		
* Special Funds—Reserve for Unencumbered Balance of Continuing Appropriations.		
b Invested in Agriculture Building Fund.		
c Reserve for Geothermal Energy Account.		

## Schedule 5

## STATEMENT OF BALANCES IN OTHER TREASURY FUNDS WHICH ARE NOT INCLUDED IN THE BUDGET TOTALS

Fund	Balance June 30, 1966				Balance June 30, 1967			
	Cash	Securities	Due From Investment Fund	Total	Cash	Securities	Due From Investment Fund	Total
<b>WORKING CAPITAL AND REVOLVING FUNDS:</b>								
Agriculture Building Fund.....	\$89,916	-----	-----	\$89,916	\$118,402	-----	-----	\$118,402
Architecture Revolving Fund.....	104,328,191	-----	-----	104,328,191	57,351,274	-----	-----	57,351,274
Ballot Paper Revolving Fund.....	37,729	-----	-----	37,729	59,932	-----	-----	59,932
California Industries for the Blind Manufacturing Fund.....	24,928	-----	-----	24,928	9,650	-----	-----	9,650
Correctional Industries Revolving Fund.....	1,060,105	-----	-----	1,060,105	1,529,130	-----	-----	1,529,130
General Obligation Bond Expense Revolving Fund.....	19,135	-----	-----	19,135	75,000	-----	-----	75,000
Harbors and Watercraft Revolving Fund.....	-----	-----	-----	-----	8,803,907	-----	-----	8,803,907
Highway Right-of-Way Acquisition Fund.....	1,417,244	-----	-----	1,417,244	253,441	-----	-----	253,441
Opportunity Work Centers Revolving Fund.....	26,314	-----	-----	26,314	29,537	-----	-----	29,537
Old Age and Survivors Insurance Revolving Fund.....	712,946	-----	-----	712,946	1,317,579	-----	-----	1,317,579
Public Building Construction Fund.....	2,989,070	\$5,041,529	-----	8,030,599	\$14,350,000	-----	-----	14,651,408
Service Revolving Fund.....	168,894	-----	-----	168,894	139,149	-----	-----	139,149
Revolving Loan Fund.....	20,481	-----	-----	20,481	15,979	-----	-----	15,979
School District Organization Revolving Fund.....	332,773	-----	-----	332,773	457,231	-----	-----	457,231
State Payroll Revolving Fund.....	91,105,737	-----	-----	91,105,737	102,437,136	-----	-----	102,437,136
State Water Pollution Control Fund.....	112,281	-----	-----	112,281	185,662	-----	-----	185,662
Surplus Educational Property Revolving Fund.....	215,071	-----	\$300,000	515,071	445,987	-----	200,000	185,987
Surplus Money Investment Fund.....	56,517	212,957,594	-----	6,729,111	26,407	\$309,371,163	-----	645,987
Water Rights Board Revolving Fund.....	128,972	-----	-----	128,972	26,063	-----	-----	26,063
Water Resources Revolving Fund.....	5,770,871	-----	-----	5,770,871	8,997,653	-----	-----	8,997,653
Welfare Advance Fund.....	1,981,617	-----	-----	1,981,617	-----	-----	-----	-----
<b>PUBLIC SERVICE ENTERPRISE FUNDS:</b>								
San Francisco Harbor Funds:								
San Francisco Harbor Improvement Fund.....	418,677	-----	7,550,000	7,968,677	323,750	-----	8,050,000	8,373,750
India Basin Sinking Fund.....	8,130	6,782	-----	14,912	2,694	11,716	-----	14,410
San Francisco Seawall Sinking Fund No. 2.....	173,159	8,569	-----	181,728	180,526	-----	-----	180,526
San Francisco Seawall Sinking Fund No. 3.....	213,507	10,473	-----	223,980	221,217	-----	-----	221,217
San Francisco Seawall Sinking Fund No. 4.....	72,545	198,409	-----	270,954	136,664	131,478	-----	268,142
San Francisco Seawall Fund No. 4.....	39,628	-----	-----	39,628	39,625	-----	-----	39,625
San Francisco Seawall Fund No. 5.....	44,222	-----	4,500,000	4,544,222	117,291	-----	6,400,000	6,517,291
Toll Bridge Funds:								
Carquinez Strait Bridges Series A Construction Fund.....	227,625	1,856,121	-----	2,083,746	915,642	119,267	-----	1,034,909
San Francisco-Oakland Bay Bridge Construction Fund.....	6,738	117,135	-----	123,873	8,030	88,556	-----	96,586
San Francisco-Oakland Bay Bridge Toll Revenue Fund.....	828,535	35,294,765	-----	36,123,300	209,712	16,872,538	-----	17,082,250
Toll Bridge Authority Revolving Fund.....	50,000	-----	-----	50,000	50,000	-----	-----	50,000
Carquinez Strait Bridges Construction Fund.....	151,921	93,913	-----	245,834	9,973	88,467	-----	98,440
San Pedro-Terminal Island Toll Bridge Construction Fund.....	28,155	784,553	-----	812,708	9,622	826,195	-----	835,817
San Diego-Coronado Bridge Construction Fund.....	-----	-----	-----	-----	29,037,485	3,897,937	-----	32,935,422
Other Utility Funds:								
Central Valley Water Project Construction Fund.....	154,664	-----	45,300,000	45,454,664	3,424,935	-----	60,550,000	63,974,935
Central Valley Water Project Revenue Fund.....	5,141	-----	25,000	30,141	1,440	-----	30,000	31,440
College Auxiliary Enterprise Fund.....	166,072	-----	-----	166,072	181,102	-----	-----	181,102
Compensation Insurance Fund.....	589,183	206,765,120	-----	209,354,303	1,123,257	217,751,687	-----	224,374,944
Rapid Transit Tube Construction Fund.....	5,694	92,045,325	2,000,000	92,051,019	15,512,700	58,061,786	5,500,000	73,574,486
Small Craft Harbor Revolving Fund.....	6,977,880	-----	-----	6,977,880	-----	-----	-----	-----
Small Craft Harbor Improvement Fund.....	3,004,215	-----	-----	3,004,215	243,308	-----	-----	243,308
State College Dormitory Building Maintenance and Equipment Reserve Fund.....	835,201	-----	-----	835,201	18,171	630,491	-----	648,662
State College Dormitory Construction Fund.....	1,017,467	3,283,500	-----	4,300,967	1,722,354	23,689,020	-----	25,411,374
State College Dormitory Revenue Fund.....	1,247,705	-----	-----	1,247,705	1,770,385	-----	-----	1,770,385
Unemployment Compensation Disability Fund.....	3,036,058	35,967,637	-----	39,003,695	1,110,727	58,607,630	-----	59,718,357
Veterans Farm and Home Building Fund of 1943.....	1,240,097	-----	11,000,000	12,240,097	1,393,234	-----	60,500,000	61,893,234
State College Parking Revenue Fund.....	-----	-----	-----	-----	185,509	1,012,402	-----	1,197,911



**Schedule 5—STATEMENT OF BALANCES IN OTHER TREASURY FUNDS WHICH ARE NOT INCLUDED IN THE BUDGET TOTALS—Continued**

Fund	Balance June 30, 1966				Balance June 30, 1967			
	Cash	Securities	Due From Surplus Money Investment Fund	Total	Cash	Securities	Due From Surplus Money Investment Fund	Total
<b>BOND FUNDS:</b>								
California Water Resources Development Bond Fund	\$8,744,865			\$8,744,865	\$19,625		\$23,640,000	\$23,659,625
Public School Building Loan Fund	4,951		\$25,255,000	4,951	7,725			7,725
State School Building Aid Fund	99,756,169			99,756,169	27,713,021			27,713,021
State Construction Program Fund	69,500,809			69,500,809	61,606,648			61,606,648
Small Craft Harbor Bond Fund	90,774		1,900,000	1,990,774	52,350		1,600,000	1,652,350
State Beach, Park, Recreational and Historical Facilities Fund	14,287,217			14,287,217	40,723,231			40,723,231
<b>RETIREMENT FUNDS:</b>								
Judges' Retirement Fund	14,119	\$285,857		299,976	5,057			5,057
Legislators' Retirement Fund	96,569	606,881		703,450	41,910	\$739,277		781,187
State Employees' Retirement Fund	352,729	2,435,056,145		2,435,408,874	108,017	2,722,813,342		2,722,921,359
Teachers' Retirement Fund	8,934,774	1,099,494,952		1,108,429,726	10,102,175	1,235,171,524		1,245,273,699
<b>DEPT SERVICE FUNDS:</b>								
Harbor Bond Sinking Fund	1,393,647			1,393,647	1,513,216			1,513,216
Olympic Bond Fund	7,650	99,743		107,393	7,603	72,884		80,487
State College Dormitory Interest and Redemption Fund	230	1,447,161		1,447,391	733	1,462,952		1,463,685
<b>TRUST AND AGENCY FUNDS:</b>								
<b>Federal Funds:</b>								
Public Health—Federal Fund	2,513,091			2,513,091	1,137,283			1,137,283
Social Welfare—Federal Fund	11,831,024			11,831,024	15,895,827			15,895,827
Unemployment Administration Fund	1,537,382			1,537,382	681,908			681,908
Vocational Education—Federal Fund	1,324,555			1,324,555	572,710			572,710
Vocational Rehabilitation—Federal Fund	606,808			606,808	732,310			732,310
<b>Other Trust and Agency Funds:</b>								
Condemnation Deposit Fund	14,450,597			14,450,597	16,450,134			16,450,134
Health Care Deposit Fund	20,070,193			20,070,193	289,880			289,880
Highway Property Rental Fund	511,809			511,809	672,874			672,874
Imstate Welfare Fund	262,368			262,368	227,817			227,817
Special Deposit Fund	23,283,292			23,283,292	28,402,144			28,402,144
State Employees' Contingency Reserve Fund	10,538		6,100,000	6,110,538	5,820		6,600,000	6,605,820
State Park Contingent Fund	30,038			30,038	78,278			78,278
State Properties Rental Fund	72,761			72,761	107,518			107,518
Tax Deeded Land Rental Trust Fund	10,911			10,911	12,249			12,249
Unclaimed Property Fund	114,013		1,050,000	1,164,013	413,764		1,550,000	1,963,764
Unemployment Fund	65,701			65,701	54,995			54,995
State Guaranteed Loan Reserve Fund					407			407
<b>TOTAL BALANCES IN OTHER TREASURY FUNDS</b>	<b>\$508,100,615</b>	<b>\$4,170,879,876</b>	<b>— \$101,305,000</b>	<b>\$4,577,675,491</b>	<b>\$448,167,059</b>	<b>\$4,086,161,875</b>	<b>— \$123,230,000</b>	<b>\$5,011,098,934</b>
<b>General Fund</b>	<b>174,799,907</b>			<b>174,799,907</b>	<b>34,319,178</b>			<b>34,319,178</b>
Highway Fund and Motor Vehicle Funds	\$7,313,202		58,750,000	66,063,202	5,422,821		75,350,000	80,772,821
Other Special Funds	\$7,893,786	150,380,158		158,273,944	23,194,311			96,544,311
Treasurer's Trust Accounts	69,710,798	25,470,000	42,555,000	137,735,800	71,061,755		47,880,000	71,061,755
Uncleared Collections	773,977			773,977	1,206,152			1,206,152
Warrants Outstanding	102,335,167			102,335,167	95,315,981			95,315,981
Pooled Money Account	— 672,176,480	672,176,480			— 217,797,623			
Time Deposits in Banks	— 214,639,000	214,639,000			— 291,271,000			
Interest Bearing Loan to General Fund					— 157,000,000			
<b>TOTALS, STATE TREASURERS ACCOUNTABILITY</b>	<b>\$44,062,992</b>	<b>\$5,253,444,514</b>		<b>\$5,297,507,416</b>	<b>\$42,648,964</b>	<b>\$5,523,829,707</b>		<b>\$5,566,478,671</b>

• Not identified as to fund.

**TREASURY FUNDS FOR WHICH NO DETAILED TRANSACTIONS  
ARE REPORTED IN THE BUDGET**

- Ballot Paper Revolving Fund:* The fund is used by the Secretary of State to purchase paper for sale to counties and municipalities for their use for election ballots.
- Bicentennial Celebration Fund:* Depository for gifts and grants for commemoration of the 200th anniversary of the settlement of California.
- California Heritage Preservation Fund:* The fund was established by Chapter 1938, Statutes of 1963, to receive donations, gifts and grants from any source to provide for the restoration, preservation and display of the historical documents of the state on deposit with the Secretary of State.
- Condemnation Deposits Fund:* Contains deposits held in trust pending settlement of court cases in condemnation proceedings.
- India Basin Sinking Fund:* Moneys are transferred from the San Francisco Harbor Improvement Fund and interest is earned on investment of these moneys to provide for payment of interest and redemption of the San Francisco Harbor Bonds.
- Job Training and Placement Fund:* For deposit and disbursement of grants and gifts to further programs designed to provide instruction in vocational skills and to provide assistance for job placement.
- Old Age and Survivors Insurance Revolving Fund:* The fund is used by the Public Employees' Retirement System to clear employer and employee contributions under the Federal Old Age and Survivors Insurance Program from public agencies included in the agreement between the state and the federal government.
- Opportunity Work Centers Revolving Fund:* Provides for purchase and rental of equipment for Centers for the Blind.
- San Francisco Seawall Funds Nos. 4 and 5:* Receives money from the proceeds of bond sales to be used for the construction of wharves, piers, seawall, and other improvements in San Francisco Harbor.
- San Francisco Seawall Sinking Funds Nos. 2, 3 and 4:* Moneys are transferred from the San Francisco Harbor Improvement Fund and interest is earned on investment of these moneys to provide for payment of interest and redemption of the San Francisco Harbor Bonds.
- Special Deposit Fund:* Accumulation of numerous trust funds deposited by state and private agencies for a specific purpose. This fund also contains unclaimed checks and deposits pending either payment to the proper persons or transfer to the General Fund. The transactions of this fund are so numerous and the pattern is so indefinite that no attempt is made to estimate the volume that will flow through the fund.
- Special Interest Stopping Place Fund:* Receives gifts of money or property for the purpose of establishing places of special scenic, historical, or cultural interest.
- State Park Contingent Fund:* Receives moneys from gifts, bequests, from municipal or county appropriations, or donations, for improvements, additions, or administration of the state park system. The amounts received are disbursed in accordance with the provisions of the donations.
- State Payroll Revolving Fund:* The fund is used by the State Controller for payment of salaries through the Uniform Payroll System.
- Surplus Money Investment Fund:* Excess money in those funds which do not have other provision for investment may be transferred to this fund, the pooled resources are invested and the interest earned is prorated to the contributing funds.
- Tax-deeded Land Rental Trust Fund:* Receipts are derived from leases made by the State Controller covering property deeded to the state for taxes. The rentals are paid semiannually to the county in which the property is located for distribution to the taxing agencies.
- Toll Bridge Authority Revolving Fund:* A permanent revolving fund to pay expenses incurred by the California Toll Bridge Authority in the administration of the Toll Bridge Authority Act.
- Traffic Safety Program Fund:* To receive and disburse funds received as gifts and grants to be apportioned to local governments for traffic safety programs.
- Treasury Trust Deposits:* Provides for the State Treasurer's Central Banking System.
- Unclaimed Property Fund:* This fund accounts for all unclaimed moneys held by the state.
- Welfare Advance Fund:* The fund is used for disbursements to counties of state and federal shares of social welfare public assistance programs.



## Schedule 6

**COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA  
FOR THE FISCAL YEARS 1966-67, 1967-68, AND 1968-69**

Department	Page refer- ence	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total
STATE OPERATIONS										
EXECUTIVE:										
Secretary for Resources:										
Federal Land and Water Conservation Act.....	21	\$86,449		\$86,449						
Office of Economic Opportunity.....	26	501,856		501,856	\$649,658		\$649,658	\$561,718		\$561,718
Disaster Office.....	31	775,869		980,102	706,030		930,297	658,007		658,007
Disaster Office—Disaster Relief.....	31		(6,836,902)	(6,836,902)		(10,466,700)	(10,466,700)		(\$7,310,000)	(7,310,000)
Totals, Executive.....		\$1,364,174	\$204,233	\$1,568,407	\$1,355,688	\$224,267	\$1,579,955	\$1,219,725	(\$7,310,000)	\$1,219,725
			(6,836,902)	(6,836,902)		(10,466,700)	(10,466,700)		(\$7,310,000)	(7,310,000)
GENERAL ADMINISTRATION:										
Personnel Board—Support.....	93		\$103,492	\$103,492		\$127,063	\$127,063			
Totals, General Administration.....			\$103,492	\$103,492		\$127,063	\$127,063			
AGRICULTURE:										
Department of Agriculture										
Cooperative Marketing Research.....	100	\$81,841		\$81,841	\$70,559		\$70,559	\$70,559		\$70,559
Participation in State Projects.....	100	55,597		55,597	69,579		69,579	69,937		69,937
Department of Agriculture—Support.....	113		\$9,559	9,559						
Totals, Agriculture.....		\$137,438	\$9,559	\$146,997	\$140,138		\$140,138	\$140,496		\$140,496
CORRECTIONS:										
Department of Corrections—Support.....	173		\$303,762	\$303,762		\$133,724	\$133,724		\$121,266	\$121,266
Department of the Youth Authority—Support.....	198		25,989	25,989		17,000	17,000		17,000	17,000
Special Project Activities.....	199		517,055	517,055		670,093	670,093		664,667	664,667
Totals, Department of the Youth Authority.....			\$543,044	\$543,044		\$687,093	\$687,093		\$681,667	\$681,667
Totals, Corrections.....			\$846,806	\$846,806		\$820,817	\$820,817		\$802,933	\$802,933
EDUCATION:										
Department of Education										
Various Educational Programs in Support.....	221	\$847,274		\$847,274	\$685,125		\$685,125	\$550,454		\$550,454
Services for Veterans Administration.....	236		\$167,070	167,070		\$180,000	180,000		\$180,000	180,000
Totals, Department of Education.....		\$847,274	\$167,070	\$1,014,344	\$685,125	\$180,000	\$865,125	\$550,454	\$180,000	\$730,454
National Defense Education Improvement of Guidance, Instruction and Statistical Services.....										
	238	\$509,652		\$509,652	\$642,538		\$642,538	\$635,831		\$635,831

# Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued

Department	Page reference	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total
STATE OPERATIONS—Continued										
EDUCATION—Continued										
Department of Education—Continued										
Elementary and Secondary Education Acts										
Compensatory Education.....	242	\$2,073,636		\$2,073,636	\$1,158,333		\$1,158,333	\$1,307,875		\$1,307,875
School Library Resources.....	242	216,456		216,456	332,927		332,927	343,280		343,280
Strengthening the State Department of Education.....	242	1,583,546		1,583,546	1,807,206		1,807,206	1,438,697		1,438,697
Educational Improvement for the Handicapped.....	242				183,244		183,244	205,556		205,556
School for the Deaf, Riverside.....	263		\$111,208	111,208			\$118,161			
Totals, Elementary and Secondary Education Acts.....		\$3,873,638	\$111,208	\$3,984,846	\$3,481,710	\$118,161	\$3,599,871	\$3,295,408		\$3,295,408
Vocational Education										
Instruction, Supervision and Teacher Training Programs.....	267	\$2,184,784		\$2,184,784	\$2,112,685		\$2,112,685	\$2,056,077		\$2,056,077
Division of Libraries										
Library Services and Construction Act.....	274	\$3,651,393		\$3,651,393	\$7,279,882		\$7,279,882	\$4,729,765		\$4,729,765
Totals, Education.....		\$11,066,741	\$278,278	\$11,345,019	\$14,201,940	\$298,161	\$14,500,101	\$11,267,535	\$180,000	\$11,447,535
HIGHER EDUCATION:										
Coordinating Council for Higher Education—Support.....										
University of California:	282	\$88,497		\$88,497	\$417,051		\$417,051	\$424,807		\$424,807
Special Federal Research Projects.....	315		\$240,377,690	240,377,690		\$240,377,690	240,377,690		\$240,377,690	240,377,690
Other Federal Projects.....	315		128,578,726	128,578,726		152,711,212	152,711,212		175,240,772	175,240,772
Hastings College of the Law—Work Study and Library Grant.....	319	23,961		23,961	47,555		47,555	38,674		38,674
Totals, University of California.....		\$23,961	\$368,956,416	\$368,980,377	\$47,555	\$393,088,902	\$393,136,457	\$38,674	\$415,018,462	\$415,657,136
Trustees of the California State Colleges										
Student Financial Aids Program.....	321	5,400,189		5,400,189						
Chancellors Office—Support.....	341		21,069	21,069		17,326	17,326		44,005	44,005
Chico State College										
Work Study Program and Student Loan Administration.....	352		224,680	224,680		682,691	682,691		924,884	924,884
State College, Dominguez Hills										
Work Study Program, Student Loan Administration and Research Projects.....	360		86,674	86,674		148,739	148,739		186,494	186,494
Fresno State College										
Work Study Program and Student Loan Administration.....	369		298,381	298,381		701,117	701,117		913,141	913,141
State College at Fullerton										
Work Study Program and Student Loan Administration.....	377		120,988	120,988		309,419	309,419		412,643	412,643
State College at Hayward										
Work Study Program and Student Loan Administration.....	388		203,936	203,936		509,719	509,719		624,733	624,733
Humboldt State College										
Work Study Program and Student Loan Administration.....	396		146,377	146,377		495,950	495,950		667,299	667,299
State College at Long Beach										
Work Study Program and Student Loan Administration.....	408		511,279	511,279		1,410,408	1,410,408		1,191,686	1,191,686
State College at Los Angeles										
Work Study Program and Student Loan Administration.....	419		225,463	225,463		1,454,674	1,454,674		1,442,280	1,442,280



# **Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued**

Department	Page reference	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimbursements and special projects	Total	Grants	Reimbursements and special projects	Total	Grants	Reimbursements and special projects	Total
STATE OPERATIONS—Continued										
HIGHER EDUCATION—Continued										
Trustees of the California State Colleges—Continued										
Sacramento State College										
Work Study Program and Student Loan Administration—	428		\$271,275	\$271,275		\$629,010	\$629,010		\$767,520	\$767,520
State College at San Bernardino										
Work Study Program and Student Loan Administration—	436		17,025	17,025		109,373	109,373		164,550	164,550
San Diego State College										
Work Study Program and Student Loan Administration—	445		222,459	222,459		636,096	636,096		1,202,954	1,202,954
San Fernando Valley State College										
Work Study Program and Student Loan Administration—	453		371,355	371,355		940,042	940,042		1,121,615	1,121,615
San Francisco State College										
Work Study Program, Student Loan Administration and Other Projects—	462		732,512	732,512		1,056,110	1,056,110		1,328,474	1,328,474
San Jose State College										
Work Study Program and Student Loan Administration—	470		1,240,173	1,240,173		2,685,178	2,685,178		3,622,208	3,622,208
Sonoma State College										
Work Study Program and Student Loan Administration—	478		69,772	69,772		161,982	161,982		328,327	328,327
Stanislaus State College										
Work Study Program and Student Loan Administration—	485		12,613	12,613		105,213	105,213		130,109	130,109
California State Polytechnic College—Kellogg-Voorhis Campus										
Work Study Program and Student Loan Administration—	495		78,629	78,629		310,269	310,269		455,618	455,618
California State Polytechnic College—San Luis Obispo Campus										
Work Study Program, Student Loan Administration and Other Projects—	506		60,964	60,964		400,467	400,467		402,130	402,130
State College Foundations—	508		16,572,412	16,572,412		16,383,564	16,383,564		15,186,302	15,186,302
Totals, State Colleges—		\$5,400,189	\$21,488,086	\$26,888,225		\$29,147,347	\$29,147,347		\$31,116,972	\$31,116,972
California Maritime Academy—										
State Scholarship and Loan Commission	517	\$219,397		\$219,397	\$213,750		\$213,750	\$219,600		\$219,600
Grants from Federal Office of Education—	519				80,420		80,420	75,250		75,250
Totals, Higher Education—		\$5,732,044	\$390,444,452	\$396,176,496	\$758,776	\$422,236,249	\$422,995,025	\$758,331	\$446,735,434	\$447,493,765
EMPLOYMENT:										
Department of Employment										
Unemployment Security Financing Act—	523	\$22,528		\$22,528						
Administration—Support—	523	68,697,046		68,697,046						
Benefit Payments and Other Expenditures—	523	462,450,182		462,450,182						
Job Training and Placement Council—Support—	540				100,000		100,000			
Totals, Employment—		\$531,169,756		\$531,169,756	\$544,989,799		\$544,989,799	\$569,436,360		\$569,436,360
FISCAL AFFAIRS:										
Department of Finance										
State Office of Planning—	564		\$39,351	\$39,351		\$10,000	\$10,000		\$10,000	\$10,000
Totals, Fiscal Affairs—			\$39,351	\$39,351		\$10,000	\$10,000		\$10,000	\$10,000

**Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued**

Department	Page reference	Actual 1956-57			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total
STATE OPERATIONS—Continued										
HEALTH AND WELFARE:										
Health and Welfare Agency										
Mental Retardation Program.....	582	\$159,642		\$159,642	\$97,651		\$97,651			
California Commission on Aging Older American's Act.....	598	532,904		532,904	298,800		298,800	528,555		528,555
State Air Resources Board										
Special Project Activities.....	603		\$247,000	247,000		\$362,237	362,237		\$327,997	327,997
Department of Mental Hygiene										
Departmental Administration										
Administration.....	605	750,801		750,801	773,013		773,013	774,250		774,250
Special Project Activities.....	606		3,099,418	3,099,418		5,199,548	5,199,548		5,313,323	5,313,323
Neuropsychiatric Institutes										
Department of the Navy.....	606		15,112	16,112		22,918	22,918			
Department of the Army.....	606		23,002	23,002		33,828	33,828			
Hospitals for the Mentally Ill										
East Bay Clinic at Napa.....	605	153,860		153,860	169,018		169,018	175,012		175,012
Totals, Department of Mental Hygiene.....		\$904,661	\$3,138,532	\$4,043,193	\$942,031	\$5,256,294	\$6,198,325	\$949,262	\$5,313,323	\$6,262,585
Department of Public Health										
Public Health Services—Support.....	639	\$3,419,206	\$1,116,846	\$4,536,052	\$4,431,888	\$1,171,105	\$5,602,993	\$4,630,228	\$1,187,495	\$5,817,723
Special Project Activities.....	670		7,864,201	7,864,201		9,648,467	9,648,467		14,843,912	14,843,912
Totals, Public Health.....		\$3,419,206	\$8,981,047	\$12,400,253	\$4,431,888	\$10,819,572	\$15,251,460	\$4,630,228	\$16,031,407	\$20,661,635
Department of Rehabilitation										
Vocational Rehabilitation										
Cooperative Rehabilitation Services.....	671	\$5,324,418		\$6,324,418	\$9,708,102		\$9,708,102	\$9,829,201		\$9,829,201
Disability Certification Program.....	671	4,527,234		4,527,234	6,136,453		6,136,453	6,627,237		6,627,237
Department of Rehabilitation—Support.....	671	17,600,736		17,600,736	16,336,543		16,336,643	16,511,683		16,511,683
Totals, Vocational Rehabilitation.....		\$27,452,388		\$27,452,388	\$32,181,198		\$32,181,198	\$32,968,121		\$32,968,121
Service Center Program.....	702				\$6,508,821		\$6,608,821	\$6,841,795		\$6,841,795
Department of Social Welfare										
Public Assistance Programs:										
Aid to the Blind										
Administration—Support.....	725	\$164,415		\$164,415	\$153,516		\$153,516	\$168,504		\$168,504
Aid to Families with Dependent Children										
Administration—Support.....	726	\$1,489,250		\$1,489,250	\$1,105,858		\$1,105,858	\$1,275,267		\$1,275,267
Aid to the Disabled										
Administration—Support.....	726	\$920,722		\$920,722	\$859,636		\$859,636	\$943,205		\$943,205



**Schedule 6--COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID--Continued**

Department	Page reference	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimbursements and special projects	Total	Grants	Reimbursements and special projects	Total	Grants	Reimbursements and special projects	Total
STATE OPERATIONS—Continued										
HEALTH AND WELFARE—Continued										
Department of Social Welfare—Continued										
Public Assistance Programs—Continued										
Old Age Security Administration—Support.....	726	\$591,893	-----	\$591,893	\$552,604	-----	\$552,604	\$606,325	-----	\$606,325
Totals, Public Assistance Programs.....		\$3,166,280	-----	\$3,166,280	\$2,671,614	-----	\$2,671,614	\$2,993,301	-----	\$2,993,301
Division of Protective Social Service—Support.....	726	\$2,478,237	-----	\$2,478,237	\$4,619,761	-----	\$4,619,761	\$4,559,314	-----	\$4,559,314
Child Welfare Services Support.....	726	\$380,441	-----	\$380,441	\$639,773	-----	\$639,773	\$640,000	-----	\$640,000
Service Center Program.....	726	3,787	-----	3,787	-----	-----	-----	-----	-----	-----
Totals, Department of Social Welfare.....		\$6,028,745	-----	\$6,028,745	\$7,931,148	-----	\$7,931,148	\$8,192,615	-----	\$8,192,615
Totals, Health and Welfare.....		\$38,497,546	\$12,366,579	\$50,864,125	\$52,491,537	\$16,438,103	\$68,929,640	\$54,110,576	\$21,672,727	\$75,783,303
DEPARTMENT OF INDUSTRIAL RELATIONS:										
Manpower Development and Training Act.....	727	\$722,639	-----	\$722,639	\$794,431	-----	\$794,431	\$794,431	-----	\$794,431
Department of Industrial Relations—Support.....	735	-----	\$47,328	47,328	-----	\$54,126	54,126	-----	\$56,832	56,832
Totals, Department of Industrial Relations.....		\$722,639	\$47,328	\$769,967	\$794,431	\$54,126	\$848,557	\$794,431	\$56,832	\$851,263
JUSTICE:										
Department of Justice										
Criminal Justice Information System Study.....	740	-----	-----	-----	\$180,000	-----	\$180,000	\$170,000	-----	\$170,000
Joint Council on Technology and Administration of Justice.....	740	\$6,673	-----	\$6,673	18,327	-----	18,327	-----	-----	-----
Services to National Crime Information Center.....	748	-----	\$35,000	35,000	-----	\$31,420	31,420	-----	-----	-----
Totals, Department of Justice.....		\$6,673	\$35,000	\$41,673	\$198,327	\$31,420	\$229,747	\$170,000	-----	\$170,000
Peace Officers Standards and Training										
Law enforcement recruitment project.....	749	-----	-----	-----	\$28,891	-----	\$28,891	\$33,830	-----	\$33,830
Total, Justice.....		\$6,673	\$35,000	\$41,673	\$227,218	\$31,420	\$258,638	\$203,830	-----	\$203,830
MILITARY DEPARTMENT:										
Maintenance and Operations of Installations.....	753	\$556,096	-----	\$556,096	\$639,790	-----	\$639,790	\$668,484	-----	\$668,484
Reimbursement for Civil Defense.....	757	-----	\$13,991	13,991	-----	\$15,322	15,322	-----	\$15,585	15,585
Army National Guard										
Operational Support.....	753	-----	(19,482,152)	(19,482,152)	-----	(19,700,000)	(19,700,000)	-----	(21,600,000)	(21,600,000)
Drill Pay.....	753	-----	(9,052,391)	(9,052,391)	-----	(9,150,000)	(9,150,000)	-----	(9,060,000)	(9,060,000)
Air National Guard										
Operational Support.....	753	-----	(10,392,824)	(10,392,824)	-----	(10,064,333)	(10,064,333)	-----	(10,399,749)	(10,399,749)
Drill Pay.....	753	-----	(2,337,287)	(2,337,287)	-----	-----	-----	-----	-----	-----
Reserve Pay.....	753	-----	-----	-----	-----	-----	-----	-----	-----	-----
Totals, Military Department.....		\$556,096	\$13,991	\$570,087	\$639,790	\$15,322	\$655,112	\$668,484	\$15,585	\$684,069
			(41,264,654)	(41,264,654)		(43,274,731)	(43,274,731)		(45,674,913)	(45,674,913)

# **Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued**

Department	Page reference	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grante	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total	Grante	Reimburse- ments and special projects	Total
STATE OPERATIONS—Continued										
REGULATION AND LICENSING:										
Department of Professional and Vocational Standards: Board of Nursing Education and Nurse Registration Demonstration Project in Specialized Training.....	829	\$5,000	-----	\$5,000	\$12,500	-----	\$12,500	\$12,500	-----	\$12,500
RESOURCES:										
Department of Conservation—Support.....	855	\$1,038,520	\$1,350,441	\$2,388,961	\$1,044,164	\$1,543,179	\$2,587,343	\$1,008,761	\$1,551,672	\$2,560,433
Department of Fish and Game										
Game Management.....	872	\$733,896	-----	\$733,896	\$896,100	-----	\$896,100	\$1,005,525	-----	\$1,005,525
Fisheries Management.....	872	313,598	-----	313,598	392,850	-----	392,850	448,875	-----	448,875
Commercial Fisheries Program.....	872	129,830	-----	129,830	240,825	-----	240,825	369,675	-----	369,675
Administration, Staff Operations, Marine Resources Opera- tions and Regional Operations.....	887	-----	\$374,750	374,750	-----	\$494,890	494,890	-----	\$526,279	526,279
Totals, Department of Fish and Game.....		\$1,177,324	\$374,750	\$1,552,074	\$1,529,775	\$494,890	\$2,024,665	\$1,824,075	\$526,279	\$2,350,354
Department of Parks and Recreation										
Land and Water Conservation Fund Act.....	947	-----	\$23,693	\$23,693	-----	\$88,189	\$88,189	-----	\$121,837	\$121,837
Department of Water Resources										
Department of Water Resources—Support.....	1006	-----	\$60,051	\$60,051	-----	\$71,500	\$71,500	-----	\$121,500	\$121,500
Water Quality Control Board										
Construction of Waste Treatment Plants.....	1011	-----	(9,314,300)	(9,314,300)	-----	-----	-----	-----	-----	-----
Water Quality Control Board—Support.....	1011	\$300,027	-----	300,027	\$122,593	-----	122,593	-----	-----	-----
Water Resources Control Board										
Construction of Waste Treatment Plants.....	1014	-----	-----	-----	-----	(13,637,650)	(13,637,650)	-----	(22,000,000)	(22,000,000)
Water Resources Control Board—Support.....	1014	-----	-----	-----	171,607	-----	171,607	\$294,200	-----	294,200
Totals, Department of Water Resources.....		\$300,027	\$60,051 (9,314,300)	\$360,078 (9,314,300)	\$294,200	\$71,500 (13,637,650)	\$365,700 (13,637,650)	\$294,200	\$121,500 (22,000,000)	\$415,700 (22,000,000)
Totals, Resources.....		\$2,515,871	\$1,808,935 (9,314,300)	\$4,324,806 (9,314,300)	\$2,868,139	\$2,197,758 (13,637,650)	\$5,065,897 (13,637,650)	\$3,127,036	\$2,321,288 (22,000,000)	\$5,448,324 (22,000,000)
TRANSPORTATION:										
Business and Transportation Agency										
Research on Highway Safety.....	1028	-----	-----	-----	\$44,899	-----	-----	\$91,949	-----	\$91,949
Department of Public Works										
Supervision of Outdoor Advertising.....	1076	\$2,451	-----	\$2,451	18,374	-----	18,374	111,000	-----	111,000
Totals, Transportation.....		\$2,451	-----	\$2,451	\$63,273	-----	\$63,273	\$202,949	-----	\$202,949
VETERANS' AFFAIRS:										
Veterans' Home of California										
Care and Maintenance of Veterans.....	1083	\$1,472,229	-----	\$1,472,229	\$1,345,200	-----	\$1,345,200	\$1,235,525	-----	\$1,235,525

<sup>a</sup> Clark McNary funds reported as a grant but for budgeting purposes accounted as revenue.



**Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued**

Department	Page refer- ence	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total
STATE OPERATIONS—Continued										
	MISCELLANEOUS:									
	California Arts Commission.....	\$50,000		\$50,000	\$39,383		\$39,383	\$50,000		\$50,000
	Chile-California Project.....	648,158		648,158	192,324		192,324			
	San Francisco Port Authority			(17,300)			(23,130)			
	Waste Treatment Works Construction.....	3,783,642		3,783,642	3,591,748		3,591,748	4,547,332		4,547,332
Migrant Master Plan.....										
Totals, Miscellaneous.....		\$4,481,800	(17,300)	\$4,481,800 (17,300)	\$3,823,455		\$3,823,455 (23,130)	\$4,597,332		\$4,597,332
TOTALS, STATE OPERATIONS.....		\$597,730,458	\$406,198,004 (57,433,156)	\$1,003,928,462 (57,433,156)	\$623,711,884	\$442,453,286 (67,402,211)	\$1,066,165,170 (67,402,211)	\$647,775,110	\$471,794,799 (74,984,913)	\$1,119,569,909 (74,984,913)

# Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued

Department	Page reference	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimbursements and special projects	Total	Grants	Reimbursements and special projects	Total	Grants	Reimbursements and special projects	Total
LOCAL ASSISTANCE										
EDUCATION:										
Department of Education	1136	\$71,802,137		\$71,802,137	\$78,494,830		\$78,494,830	\$79,795,303		\$79,795,303
Compensatory Education	1145	1,644,363		1,644,363	1,743,951		1,743,951	1,742,546		1,742,546
Adult Basic Education										
Totals, Department of Education		\$73,446,500		\$73,446,500	\$80,238,781		\$80,238,781	\$81,537,849		\$81,537,849
National Defense Education										
Payment to School Districts, National Defense Education Program	1146	\$7,038,153		\$7,038,153	\$5,526,548		\$5,526,548	\$5,286,546		\$5,286,546
School Lunch Program	1148	6,186,608		6,186,608	6,300,000		6,300,000	6,300,000		6,300,000
Special Milk Program	1148	9,284,823		9,284,823	9,300,000		9,300,000	9,300,000		9,300,000
Vocational Education										
Reimbursement to School Districts	1149	\$29,654,098		\$29,654,098	\$27,658,553		\$27,658,553	\$28,078,805		\$28,078,805
Division of Libraries										
School Library Resources	1150	\$9,280,239		\$9,280,239	\$8,989,003		\$8,989,003	\$8,989,003		\$8,989,003
Totals, Education		\$134,890,421		\$134,890,421	\$138,012,885		\$138,012,885	\$139,492,203		\$139,492,203
HEALTH AND WELFARE:										
Department of Public Health										
Care of Crippled Children	1163	\$1,389,104		\$1,389,104	\$1,128,160		\$1,128,160	\$1,348,317		\$1,348,317
Assistance to Counties Without Local Health Departments	1165	100,000		100,000	100,000		100,000	100,000		100,000
Assistance to Local Health Departments	1166	2,538,208		2,538,208	2,513,541		2,513,541	2,513,541		2,513,541
Hospital Construction	1168	17,988,992		17,988,992	22,874,271		22,874,271	21,824,328		21,824,328
Totals, Public Health		\$22,016,304		\$22,016,304	\$26,615,972		\$26,615,972	\$25,786,186		\$25,786,186
Department of Social Welfare										
Public Assistance Programs:										
Aid to the Blind										
Assistance	1201	\$10,590,584		\$10,590,584	\$9,940,800		\$9,940,800	\$10,194,800		\$10,194,800
Administration	1201	938,337		938,337	1,059,327		1,059,327	985,000		985,000
Totals, Aid to the Blind		\$11,528,921		\$11,528,921	\$11,000,127		\$11,000,127	\$11,179,800		\$11,179,800
Aid to Families with Dependent Children										
Assistance	1201	181,611,958		181,611,958	215,743,500		215,743,500	248,290,200		248,290,200
Administration	1201	49,539,483		49,539,483	64,900,465		64,900,465	72,500,000		72,500,000
Totals, Aid to Families with Dependent Children		\$231,151,441		\$231,151,441	\$280,643,965		\$280,643,965	\$320,790,200		\$320,790,200
Aid to the Disabled										
Assistance	1201	\$62,171,659		\$62,171,659	\$80,596,400		\$80,596,400	\$102,406,200		\$102,406,200
Administration	1201	11,155,334		11,155,334	13,240,769		13,240,769	21,000,000		21,000,000
Totals, Aid to the Disabled		\$73,326,993		\$73,326,993	\$93,837,169		\$93,837,169	\$123,406,200		\$123,406,200



**Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued**

Department	Page refer- ence	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total
LOCAL ASSISTANCE—Continued										
HEALTH AND WELFARE—Continued										
Department of Social Welfare—Continued										
Public Assistance Programs—Continued										
Old Age Security Assistance.....	1201	\$169,650,718	-----	\$169,650,718	\$181,927,700	-----	\$181,927,700	\$191,737,500	-----	\$191,737,500
Administration.....	1201	16,886,502	-----	16,886,502	18,450,773	-----	18,450,773	19,800,000	-----	19,800,000
Totals, Old Age Security.....		\$186,537,220	-----	\$186,537,220	\$200,378,473	-----	\$200,378,473	\$211,537,500	-----	\$211,537,500
Less Public Assistance Program Savings.....	1201	-----	-----	-----	—1,762,500	-----	—1,762,500	—11,750,000	-----	—11,750,000
Totals, Public Assistance Programs.....		\$502,544,575	-----	\$502,544,575	\$584,097,234	-----	\$584,097,234	\$655,163,700	-----	\$655,163,700
Special Social Service Program.....	1184	\$18,972,052	-----	\$18,972,052	\$21,746,034	-----	\$21,746,034	\$21,175,568	-----	\$21,175,568
Special Social Service Program.....	1199	-----	-----	-----	-----	-----	-----	\$63,600	-----	\$63,600
Totals, Department of Social Welfare.....		\$521,510,627	-----	\$521,510,627	\$605,843,268	-----	\$605,843,268	\$676,339,268	-----	\$676,402,868
Medical Assistance Program.....	1213	\$349,129,277	-----	\$349,129,277	\$338,762,631	-----	\$338,762,631	\$386,295,812	-----	\$386,295,812
Totals, Health and Welfare.....		\$892,662,208	-----	\$892,662,208	\$971,221,871	-----	\$971,221,871	\$1,088,421,266	-----	\$1,088,484,866
RESOURCES:										
Department of Parks and Recreation										
Land and Water Conservation Fund Act.....	1217	\$2,420,925	-----	\$2,420,925	\$3,794,715	-----	\$3,794,715	\$3,029,240	-----	\$3,029,240
Totals, Resources.....		\$2,420,925	-----	\$2,420,925	\$3,794,715	-----	\$3,794,715	\$3,029,240	-----	\$3,029,240
TRANSPORTATION:										
Department of Public Works										
Local Roads and Highways.....	1238	\$8,209,278	-----	\$8,209,278	\$1,152,987	-----	\$1,152,987	\$8,538,391	-----	\$8,538,391
Totals, Transportation.....		\$8,209,278	-----	\$8,209,278	\$1,152,987	-----	\$1,152,987	\$8,538,391	-----	\$8,538,391
OTHER PURPOSES:										
Storm and Flood Damage Repair.....	1244	\$1,232,660	-----	\$1,232,660	\$902,120	-----	\$902,120	-----	-----	-----
Planning Grants for Local Jurisdictions.....	1247	915,804	-----	915,804	990,000	-----	990,000	\$990,000	-----	\$990,000
Totals, Other Purposes.....		\$2,148,464	-----	\$2,148,464	\$1,892,120	-----	\$1,892,120	\$990,000	-----	\$990,000
SHARED REVENUES:										
Federal Receipts from Flood Control Land.....	1249	\$119,021	-----	\$119,021	\$120,000	-----	\$120,000	\$120,000	-----	\$120,000
Federal Receipts from Forest Reserves.....	1249	6,135,009	-----	6,135,009	6,468,965	-----	6,468,965	6,500,000	-----	6,500,000
Federal Receipts from Grazing Lands.....	1249	60,645	-----	60,645	58,433	-----	58,433	60,000	-----	60,000
Federal Potash Lease Rentals.....	1249	466,436	-----	466,436	470,000	-----	470,000	470,000	-----	470,000
Totals, Shared Revenues.....		\$6,781,111	-----	\$6,781,111	\$7,117,398	-----	\$7,117,398	\$7,150,000	-----	\$7,150,000
TOTALS, LOCAL ASSISTANCE.....		\$1,047,112,407	-----	\$1,047,112,407	\$1,123,191,976	-----	\$1,123,191,976	\$1,247,621,100	\$63,600	\$1,247,684,700

# **Schedule 6—COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID—Continued**

Department	Page refer- ence	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total	Grants	Reimburse- ments and special projects	Total
CAPITAL OUTLAY										
State Building Program	c	\$27,538,164		\$27,538,164 (105,655)	\$55,924,495		\$55,924,495 (1,141,996)	\$30,042,640		\$30,042,640 (1,188,700)
State Highway Program	c	343,602,795		343,602,795	408,207,701		408,207,701	417,595,542		417,595,542
Wildlife Conservation Program	c	308,617		308,617				1,389,130		1,389,130
Parks and Recreation Acquisition and Development Program	c				3,784,390		3,784,390			
California Water Facilities Program	c	12,236,534		12,236,534	13,261,150		13,261,150	8,352,140		8,352,140
Other Capital Outlay Programs	c	226,050		226,050	469,000		469,000	871,000		871,000
Totals, Capital Outlay		\$383,912,100		\$383,912,160 (105,655)	\$481,646,736		\$481,646,736 (1,141,996)	\$458,250,452		\$458,250,452 (1,188,700)
TOTAL EXPENDITURES:										
State Operations		\$597,730,458	\$406,198,004 (57,433,156)	\$1,003,928,462 (57,433,156)	\$623,711,884	\$442,453,286 (67,402,211)	\$1,066,165,170 (67,402,211)	\$647,775,110	\$471,794,799 (74,984,913)	\$1,119,569,909 (74,984,913)
Local Assistance		1,047,112,407		1,047,112,407	1,123,191,976		1,123,191,976	1,247,621,100	63,000	1,247,684,700
Capital Outlay		383,912,160		383,912,160 (105,655)	481,646,736		481,646,736 (1,141,996)	458,250,452		458,250,452 (1,188,700)
TOTALS, EXPENDITURES		\$2,028,755,025	\$406,198,004 b (57,538,811)	\$2,434,953,029 b (57,538,811)	\$2,228,550,596	\$442,453,286 b (68,544,207)	\$2,671,003,882 b (68,544,207)	\$2,353,646,662	\$471,858,399 b (76,173,613)	\$2,825,505,061 b (76,173,613)

b Federal funds not included in overall budget totals and not reported in detailed budget schedules and not summarized in the Reconciliation with Appropriations.

c See Capital Outlay Budget for details.



## Schedule 7—SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1968-69

Function	Proposed Budget Act of 1968			Fixed Charges			Prior Year Appropriations, Continuing Appropriations and Reappropriations			Total Expenditures
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	
STATE OPERATIONS										
CURRENT EXPENSES:										
Legislative.....	\$20,720,140		\$20,720,140	\$1,940,000		\$1,940,000		\$284,705	\$284,705	\$22,944,935
Judicial.....	5,675,202		5,675,202	111,680		111,680				5,786,972
Executive.....	3,492,866	\$95,510	3,588,406							3,588,406
General Administration.....	12,550,060	1,544,800	14,103,059		\$564,699	564,699	\$119,052		110,952	14,788,610
Agriculture.....	13,443,294	10,873,825	24,317,110		2,996,370	2,996,370	12,252		12,252	27,325,741
Corrections.....	127,718,726		127,718,726							127,718,726
Education.....	14,971,569		14,971,569				12,400		12,400	14,983,969
Higher Education.....	515,756,707	266,500	516,023,297		2,386,786	2,386,786				518,410,083
Employment.....		530,575	530,575							530,575
Fiscal Affairs.....	51,135,068	3,657,101	54,793,069					(106,000)	(106,000)	54,793,069
Health and Welfare.....	231,416,958	1,369,867	232,786,825							232,786,825
Industrial Relations.....	22,040,005	192,010	22,232,015							22,232,015
Justice.....	17,455,024	155,253	17,610,277							17,610,277
Military Affairs.....	4,036,564		4,036,564							4,036,564
Regulation and Licensing.....	15,383,847	27,408,924	42,792,771							42,792,771
Resources.....	65,548,456	15,612,385	81,160,841							81,160,841
Transportation.....	155,003	152,733,710	152,888,713		97,188,666	97,188,666		84,311	84,311	250,161,600
Veterans Affairs.....	8,019,149		8,019,149							8,019,149
Miscellaneous.....	2,081,567	5,000	2,086,567	10,000		10,000	1,923,395	1,276,000	3,199,395	5,295,962
Debt Service.....	12,794,437		12,794,437	76,236,016		76,236,016				89,030,453
Unallocated.....	49,151,501	20,210,422	69,362,013				11,602,875	(20,751)	11,602,875	80,964,888
Credits to General Fund for overhead services charged to agencies supported from Special Funds <sup>a</sup> .....	-9,500,000		-9,500,000							-9,500,000
Estimated Unidentified Savings <sup>a</sup> .....	-7,500,000		-7,500,000							-7,500,000
TOTALS, STATE OPERATIONS.....	\$1,176,556,322	\$234,656,002	\$1,411,212,324	\$78,297,696	\$103,136,521	\$181,434,217	\$13,670,874	\$1,645,106	\$15,315,980	\$1,607,962,521
General Fund.....										\$1,268,524,892
Special Funds.....								(40,155)	(40,155)	339,437,629
State Construction Program Fund.....										(40,155)
State Beach, Park, Recreational and Historical Facilities Fund.....								(6,000)	(6,000)	(6,000)
California Water Resources Development Bond Fund.....								(80,596)	(80,596)	(80,596)
LOCAL ASSISTANCE										
STIPENDIUMS:										
Agriculture.....	-\$5,800	\$178,400	\$172,600		\$2,366,100	\$2,366,100				\$2,538,700
Corrections.....	11,322,330		11,322,330							11,322,330
Education.....	152,004,936		152,004,936	\$1,292,961,040	2,950,000	1,295,911,040				1,447,915,976
Health and Welfare.....	402,705,577		402,705,577	456,048,100		456,048,100				\$58,753,677
Resources.....		(2,351,062)	(2,351,062)		4,000,000	4,000,000	-\$1,800,000	\$3,693,574	\$1,893,574	5,893,574
Transportation.....		1,100,000	1,100,000							1,100,000
Other Purposes.....	30,376,000	2,156,016	32,532,016	1,347,360	-1,022	1,346,338	193,989,068		193,989,968	227,868,322

<sup>a</sup> Not budget act items.





**Schedule 8**

**COMPARATIVE STATEMENT OF FIXED CHARGES AND CONTROLLABLE EXPENDITURES FOR THE  
FISCAL YEARS 1966-67, 1967-68, AND 1968-69**

Purpose and Legal Citation	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>FIXED CHARGES</b>									
<b>Fixed by Constitution:</b>									
Debt Service:									
Bond Interest and Redemption:									
Various Bond Acts Ratified in the Constitution.....	\$63,514,919	-----	\$63,514,919	\$67,821,417	-----	\$67,821,417	\$70,230,016	-----	\$70,230,016
Public School Buildings Bonds Ratified in the Constitution.....	62,156,543	-----	62,156,543	52,772,260	-----	52,772,260	54,899,440	-----	54,899,440
Totals, Constitutional Fixed Charges.....	\$125,671,462	-----	\$125,671,462	\$120,593,677	-----	\$120,593,677	\$131,135,456	-----	\$131,135,456
<b>Fixed by Statute:</b>									
Legislative:									
Salaries of State Legislature:									
Section 8901, Government Code (includes Sec. 2(b), Article IV of the Constitution for 1966-67 fiscal year).....	\$1,308,343	-----	\$1,308,343	\$1,937,300	-----	\$1,937,300	\$1,940,000	-----	\$1,940,000
Judicial:									
Supreme and Appellate Courts:									
Contributions to Judge Retirement Fund, Section 75101, Government Code.....	107,906	-----	107,906	111,680	-----	111,680	111,680	-----	111,680
General Administration:									
Department of General Services:									
State Exposition and Fair									
Section 3404, Agricultural Code, Capital Outlay.....									
Office of Local Assistance, Section 186.95 (a) (b), Streets and Highway Code.....		\$17,119	17,119						
State Exposition and Fair Executive Committee:									
Section 484, Agricultural Code.....									
Agriculture:									
District Agricultural Fairs:									
Sections 19522 and 19527, Business and Professions Code.....		3,329,800	3,329,800						
Section 19630, Business and Professions Code and Section 4002, Agricultural Code, Capital Outlay.....		1,337,587	1,337,687						
County Agricultural Fairs:									
Sections 19522, 19626, 19627 and 19630, Business and Professions Code and Sections 25902 and 25908, Government Code.....		2,920,011	2,920,011						
Education:									
State College:									
State College Extension Program									
Section 23753.3, Education Code.....									
Apportionment to Public Schools:									
Sections 17301, 17305-7, 17310, 17451-17455, 18251, 18270, 18303, and 6421-6434, 6441-6444, 6750-6762, 6916, Education Code.....	1,041,375,655	3,153,590	1,044,530,245	1,190,854,593		1,194,013,070	1,236,061,600	2,950,000	1,239,011,600
Assistance to New Junior Colleges:									
Section 20211, Education Code.....	3,154,398	-----	3,154,398	1,715,372	-----	1,715,372	2,000,000	-----	2,000,000

**Schedule 8—FIXED CHARGES AND CONTROLLABLE EXPENDITURES—Continued**

Purpose and Legal Citation	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>FIXED CHARGES—Continued</b>									
<b>Fixed by Statutes—Continued</b>									
<b>Health and Welfare:</b>									
Aid to Blind:									
Section 15202, Welfare and Institutions Code.....	\$6,565,458	-----	\$6,565,458	\$7,620,800	-----	\$7,620,800	\$7,815,600	-----	\$7,815,600
Aid to Potentially Self-Supporting Blind:									
Section 15203, Welfare and Institutions Code.....	162,873	-----	162,873	208,300	-----	208,300	219,700	-----	219,700
Aid to Disabled:									
Section 15204, Welfare and Institutions Code.....	59,645,815	-----	59,645,815	80,119,000	-----	80,119,000	101,799,800	-----	101,799,800
Aid to Families with Dependent Children:									
Section 11200, Welfare and Institutions Code.....	141,248,999	-----	141,248,999	165,308,300	-----	165,308,300	190,082,100	-----	190,082,100
Old Age Security:									
Section 15201, Welfare and Institutions Code.....	150,194,938	-----	150,194,938	157,631,200	-----	157,631,200	166,130,900	-----	166,130,900
Less Public Assistance Program Savings.....	-----	-----	-----	-1,500,000	-----	-1,500,000	-10,000,000	-----	-10,000,000
Medical Assistance Program:									
Chapter 4, Statutes of 1965, Second Extraordinary Session, Section 14157, Welfare and Institutions Code.....	252,390,755	-----	252,390,755	274,000,000	-----	274,000,000	-----	-----	-----
<b>Resources:</b>									
Harbors and Watercraft:									
Section 8352(g), Revenue and Taxation Code, Capital Outlay.....	-----	\$4,000,000	\$4,000,000	-----	\$4,000,000	\$4,000,000	-----	\$4,000,000	\$4,000,000
Wildlife Conservation Board:									
Section 1352, Fish and Game Code.....	-----	675,403	675,403	-----	745,000	745,000	-----	759,000	759,000
<b>Transportation:</b>									
State Highways:									
Section 183, Streets and Highways Code, and Section 5323, Business and Professions Code.....	86,478,096	-----	86,478,096	-----	93,536,768	93,536,768	-----	97,188,666	97,188,666
Section 183, Streets and Highways Code, Capital Outlay.....	344,126,820	-----	344,126,820	-----	469,513,689	469,513,689	-----	327,820,149	327,820,149
Sections 2210.5 and 143.3, Streets and Highways Code.....	7,702,727	-----	7,702,727	-----	7,226,982	7,226,982	-----	9,114,851	9,114,851
Section 190, Streets and Highways Code.....	4,387,335	-----	4,387,335	-----	5,000,000	5,000,000	-----	5,000,000	5,000,000
Section 1231.1, Public Utilities Code.....	-----	-----	-----	-----	260,000	260,000	-----	350,000	350,000
County Airports:									
Section 8352, Revenue and Taxation Code and Section 21681, Public Utilities Code.....	-----	398,747	398,747	-----	1,425,000	1,425,000	-----	1,425,000	1,425,000
<b>Miscellaneous and Other Purposes:</b>									
Judges of Superior and Municipal Courts:									
Contribution to Judges' Retirement Fund, Section 75101, Government Code.....	1,257,186	-----	1,257,186	1,319,691	-----	1,319,691	1,347,360	-----	1,347,360
Personal Services Not Elsewhere Classified:									
Retirement Contributions, Section 20922, Government Code.....	-----	-----	-----	10,000	-----	10,000	10,000	-----	10,000
Storm and Flood Damage Repair, Section 186.95, Streets and Highways Code.....	-----	765,716	765,716	-----	1,190,146	1,190,146	-----	-1,022	-1,022
<b>Shared Revenues:</b>									
Apportionment of Liquor License Fees:									
Section 25761, Business and Professions Code.....	-----	11,043,605	11,043,605	-----	12,000,169	12,000,169	-----	12,000,800	12,000,800
Apportionment of Motor Vehicles License Fees (In Lieu Tax):									
Sections 11003.3 and 11005, Revenue and Taxation Code.....	-----	186,779,117	186,779,117	-----	186,779,117	186,779,117	-----	193,100,000	193,100,000



# **Schedule 8—FIXED CHARGES AND CONTROLLABLE EXPENDITURES—Continued**

Purpose and Legal Citation	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>FIXED CHARGES—Continued</b>									
Fixed by Statutes—Continued									
Shared Revenues—Continued									
Apportionment of Cigarette Tax:									
Sections 30462e and 30133, Revenue and Taxation Code									
Apportionment of Highway Properties Rental Receipts:									
Section 104.10, Streets and Highways Code		\$954,576	\$954,576						
Apportionment of Motor Vehicle Fuel Taxes to Counties:									
Sections 2104, 2105, and 2106, Streets and Highways Code		118,669,801	118,669,801						
Apportionment of Motor Vehicle Fuel Taxes to Cities:									
Sections 194, 2107, and 2107.5, Streets and Highways Code		64,418,441	64,418,441						
Apportionment of Motor Vehicle Fuel Taxes to City and Counties:									
Section 186.1, Streets and Highways Code		95,454,283	95,454,283						
Apportionment of Tideland Revenues:									
Section 6817, Public Resources Code	\$203,507		203,507	\$203,000		203,000	\$203,000		203,000
TOTALS, STATUTORY FIXED CHARGES	\$1,657,615,833	\$936,622,874	\$2,594,238,707	\$1,879,649,336	\$1,103,580,219	\$2,983,229,555	\$1,697,721,740	\$1,033,119,869	\$2,730,841,609
<b>TOTALS, FIXED CHARGES</b>	\$1,783,287,295	\$936,622,874	\$2,719,910,169	\$2,000,243,013	\$1,103,580,219	\$3,103,823,232	\$1,825,857,196	\$1,033,119,869	\$2,861,977,065
State Operations	\$84,931,138	\$89,825,016	\$164,756,153	\$69,880,397	\$97,619,640	\$167,500,037	\$78,297,696	\$103,196,631	\$181,434,217
Local Assistance	1,718,366,127	609,957,949	2,328,324,076	1,930,362,616	627,680,407	2,458,043,023	1,760,669,600	698,469,449	2,349,038,949
Capital Outlay		\$46,139,910	\$46,139,910			478,280,172		\$31,613,839	\$31,613,839
<b>CONTROLLABLE EXPENDITURES</b>									
Expenditures from appropriations and authorizations which are subject to legislative or executive determinations, including Budget Act appropriations, special appropriations, balances available in prior year appropriations made available for expenditure for more than one fiscal year, and deficiency authorizations.									
State Operations	\$996,590,181	\$174,937,460	\$1,171,527,641	\$1,056,108,269	\$307,872,629	\$1,263,980,798	\$1,190,227,196	\$236,301,108	\$1,426,528,304
Local Assistance	188,804,118	1,317,204	190,121,322	232,399,004	5,092,496	237,491,500	788,693,011	7,127,990	795,721,001
Capital Outlay	48,616,839	14,631,781	63,248,620	\$9,619,144	26,560,035	65,069,179	90,403,290	59,875,733	150,277,953
TOTALS, CONTROLLABLE EXPENDITURES	\$1,233,910,138	\$190,786,445	\$1,424,696,583	\$1,328,026,417	\$338,515,060	\$1,566,541,477	\$2,069,222,427	\$303,304,831	\$2,372,527,258
<b>TOTALS, EXPENDITURES</b>	\$3,017,197,433	\$1,127,409,319	\$4,144,606,752	\$3,328,269,430	\$1,342,095,279	\$4,670,364,709	\$3,898,079,623	\$1,336,424,700	\$5,234,504,323

## Schedule 9

## Expenditures for the 1966-67 and 1967-68 Fiscal Years--RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES

1967-68 Fiscal Year												
	1967-68 Governor's Budget Estimated Expenditure	1968-66 Governor's Budget Actual	1967-68 Budget as Submitted	Effect of Legislative Action	Total Proposed Expenditures	Prior Year Balance Forward Adjustments	Transfers	Allocations	Deficiency Appropriations	Estimated Savings	Estimated Expenditures	
GENERAL FUND												
STATE OPERATIONS												
Legislative.....	\$15,789,674	-\$1,067,362	\$14,722,312	\$4,756,383	\$21,942,168			\$268,622		-\$17,293	\$22,193,497	
Judicial.....	5,014,004	-112,473	4,901,531	437,322	5,297,615			202,791		-430	5,499,876	
Executive.....	3,370,041	-17,240	3,352,801	462,831	3,450,443			-16,922		-52,861	3,380,660	
General Administration.....	16,619,949	-1,137,206	15,482,743	-510,668	11,581,202	141,510	\$1,675	617,503		-354,201	11,987,689	
Agriculture.....	13,479,918	-576,689	12,903,229	-72,870	12,440,640	631,060		516,960		-55,058	13,460,672	
Corrections.....	121,618,487	-4,813,903	116,704,584	3,099,685	118,336,872	-231,634		5,811,167		-465,868	123,510,237	
Education.....	14,607,476	-862,772	13,644,704	1,465,615	15,418,630			949,367		-355,388	16,012,569	
Higher Education.....	422,226,500	-8,079,364	414,147,142	68,807,514	426,866,264	13,153		22,098,698		-997,606	447,670,000	
Fiscal Affairs.....	45,239,142	-1,519,012	43,720,130	2,451,980	45,259,430	14,578		2,029,801		-1,032,881	46,270,928	
Health and Welfare.....	225,705,490	-3,115,924	222,689,566	8,770,634	214,410,601		-74,475	14,914,793		-1,024,073	228,301,221	
Industrial Relations.....	21,880,199	-1,184,232	20,695,947	649,053	21,363,663			910,108		-106,994	22,062,202	
Justice.....	15,744,236	-1,130,730	14,613,566	443,865	16,766,835	26,460		818,212		-25,000	16,885,447	
Military Affairs.....	3,892,330	-170,017	3,722,313	122,420	3,723,182			123,237		-20,018	3,826,401	
Regulation and Licensing.....	15,059,389	-720,275	14,339,114	703,651	14,674,746		72,860	673,126		-214,068	16,206,604	
Resources.....	67,756,123	-3,125,609	64,630,424	-17,664	64,158,084	367,549	-884	3,634,981		-998,568	67,161,222	
Transportation.....								90,580			90,580	
Veterans Affairs.....	7,261,937	-36,719	7,225,218	302,115	7,609,469			498,456		-12,800	8,095,035	
Miscellaneous.....	1,866,298	-117,599	1,748,699	60,295	1,989,261			39,688		-61,065	1,967,884	
Debt Service (Includes accruals).....	74,186,513	729,697	74,916,610	80,996,937	80,690,937					1,169,637	82,160,474	
Unallocated.....	7,378,663	-1,665,823	5,712,840	43,489,571	54,738,058			-54,751,661	\$3,908,006	-1,679,578	2,214,919	
Pro Rata General Fiscal Charges.....	8,906,660	648,033	-8,251,967	-406,060	-8,410,060					-600,060	-6,060,000	
Estimated Unidentified Savings.....	-20,060,060	20,606,060		-7,560,600	-7,560,060					4,506,060	-3,060,000	
Totals, State Operations.....	\$1,069,596,378	-\$8,075,029	\$1,061,521,349	\$135,022,232	\$1,124,024,830	\$961,256	-\$884	-\$570,303	\$3,608,006	-\$2,334,143	\$1,125,988,666	
LOCAL ASSISTANCE												
Agriculture.....	\$171,600		\$171,600	-\$181,000	-\$4,300					-\$10,060	-\$14,300	
Corrections.....	3,237,560	-\$159,665	3,077,895	1,920,060	8,157,560					-444,338	7,713,162	
Education (Includes accrued debt service).....	1,257,673,336	-42,775,587	1,214,897,749	129,989,465	1,383,856,002			\$37,793		-8,197,387	1,375,696,408	
Health and Welfare.....	614,651,662	66,194,233	680,846,295	84,486,111	798,316,867	\$4,010,466		106,071		-34,278,430	768,154,914	
e e e.....	160,400	-26,406	74,060	-3,968,163	-3,968,163	1,800,060				1,121,163	-1,077,060	
Transportation.....	3,606,060	-3,606,060				2,785,921				-2,019,560	2,785,921	
Other Purposes.....	8,113,333	-223,074	7,890,259	763,771	8,442,564	2,498,683		377,468		-103,404	9,299,515	
Shared Revenues.....	270,094	-66,587	203,607	306,404	306,404						203,000	
Totals, Local Assistance.....	\$1,887,217,325	\$19,942,920	\$1,907,160,245	\$216,966,447	\$2,195,076,874	\$11,095,310		\$521,332		-\$13,631,896	\$2,162,761,620	
Totals, Capital Outlay.....	\$80,436,638	-\$11,920,799	\$68,515,839	\$1,271,150	\$24,306,506	\$26,898,618	\$884	\$49,061		-\$11,735,825	\$39,519,144	
Totals.....	\$3,017,250,341	-\$52,908	\$3,017,107,433	\$353,259,829	\$3,343,408,210	\$38,665,084			\$3,998,060	-\$58,001,861	\$3,328,260,480	



**Schedule 9—Expenditures for the 1966-67 and 1967-68 Fiscal Years**  
**RECONCILIATION OF THE CHANGES FROM THE PREVIOUS BUDGET ESTIMATES—Continued**

1967-68 Fiscal Year												
	1967-68 Governor's Budget Estimated Expenditure	1966-67 Fiscal Year Savings	1966-69 Governor's Budget Actual	1967-68 Budget as Submitted	Effect of Legislative Action	Total Proposed Expenditures	Prior Year Balance Forward Adjustments	Transfers	Allocations	Deficiency Appropriations	Estimated Savings	Estimated Expenditures
SPECIAL FUNDS												
STATE OPERATIONS												
Legislative.....	\$287,053	—\$1,177,880	—\$800,827	\$467,517	—	\$467,517	\$1,177,894	—	—	—	—\$1,335,274	\$310,137
Executive.....	86,441	—8,240	78,201	78,201	\$79,905	79,905	—	—	\$408	—	—	80,313
General Administration.....	3,069,733	—132,174	3,527,559	4,316,240	15,284	4,331,524	—	—	140,733	—	—25,406	4,452,761
Agriculture.....	14,198,114	—430,822	13,767,292	13,956,581	—164,927	13,791,654	—	—	500,189	—	—564,745	13,787,398
Health and Welfare.....	1,567,207	—1,088,120	479,087	—	237,434	237,434	—	—	—	—	—	237,434
Higher Education.....	285,000	—6,740	278,260	285,000	989,135	1,274,135	—	—	—	—	—	1,274,135
Employment.....	896,601	540,958	1,437,559	576,542	—28,683	547,959	—	—	44,028	—	—90,096	501,791
Fiscal Affairs.....	3,437,336	—207,500	3,139,746	3,537,501	3,908,534	7,446,035	—	—	156,245	—	—4,646	7,597,634
Highway Transportation.....	216,087,513	—12,308,514	203,718,999	221,168,237	9,370,914	230,539,171	2,354,126	—	5,831,892	—	—2,555,618	236,169,541
Industrial Relations.....	181,417	—3,986	180,431	184,417	—16,689	167,728	—	—	2,494	—	—	170,222
Justice.....	105,344	—10,062	95,282	111,775	—3,600	108,175	—	—	3,874	—	—	112,049
Regulation and Licensing.....	26,029,742	—1,927,171	25,002,571	26,969,550	—1,445,575	25,523,975	—	—	1,161,529	—	—607,998	26,177,506
Resources.....	14,500,000	—616,159	13,892,331	14,016,548	—435,148	14,181,400	—	—23,000	536,471	—	—104,699	14,500,172
Unallocated.....	71,319	—15,035	55,384	36,560	19,333,626	18,430,186	—	—	—7,678,494	—	—10,727,912	23,780
Miscellaneous.....	—	—	—	—	7,296	7,296	—	—	—	—	—	7,296
Totals, State Operations.....	\$282,314,910	—\$17,552,435	\$264,762,475	\$286,226,488	\$30,007,506	\$317,133,994	\$3,532,020	—\$23,000	\$765,639	—	—\$15,916,484	\$305,492,169
LOCAL ASSISTANCE												
Agriculture.....	3,876,520	—956,509	2,020,011	2,830,000	—	2,830,000	993,852	—	136,000	—	—8,100	3,951,762
Education.....	3,294,278	78,051	3,372,329	2,900,000	—	2,900,000	200,732	—	—	—	—53,355	3,047,377
Highway Transportation.....	16,377,458	—2,607,786	13,869,672	15,043,500	—	15,043,500	—213,730	—	522,454	—	—766,346	14,595,878
Resources.....	4,000,000	—218,179	3,781,821	6,900,000	5,800,000	11,800,000	—	—	—	—	—5,800,000	6,000,000
Other Purposes.....	3,596,171	—2,884,674	711,497	1,172,731	—	1,172,731	2,138,755	—	878,500	—	—777,140	3,412,846
Shared Revenues.....	449,853,693	27,466,130	477,319,823	468,007,000	49,300,000	517,307,000	—	—	—	—	—15,541,960	501,765,040
Totals, Local Assistance.....	\$480,098,120	\$20,077,033	\$501,975,153	\$405,052,231	\$55,100,000	\$551,053,231	\$3,110,619	—	\$1,536,054	—	—\$22,938,901	\$552,772,903
Totals, Capital Outlay.....	\$488,552,577	—\$127,880,986	\$360,671,691	\$336,163,343	—\$895,220	\$335,268,123	\$120,025,000	\$23,000	\$50,407,502	—	—\$2,683,427	\$503,830,207
Totals.....	\$1,251,865,707	—\$124,456,388	\$1,127,409,319	\$1,118,346,002	\$85,112,286	\$1,203,455,318	\$127,270,648	—	\$52,800,095	—	—\$41,436,812	\$1,342,095,279

## Schedule 10

## STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF NOVEMBER 30, 1967

This statement includes only General Obligation Bonds of the State of California and does not include Bonds Issued under authority of State Instrumentalities which are not General Obligations of the State of California.

Name of issue	Rate of interest	Date of maturity	Authorized	Unsold	Redemptions	Outstanding	Amounts in sinking funds for payment of principal
<b>GENERAL OBLIGATION BONDS</b>							
<b>GENERAL FUND BONDS</b>							
California Tenth Olympiad of 1927-----	4½%	1932-1971	\$1,000,000	-----	\$900,000	\$100,000	\$77,412
State School Building Aid of 1949-----	1-4½%	1952-1978	250,000,000	-----	136,400,000	113,600,000	
State School Building Aid of 1952-----	¾-5%	1955-1990	185,000,000	-----	67,600,000	117,400,000	
State School Building Aid of 1954-----	3¼-5%	1959-1984	100,000,000	-----	30,500,000	69,500,000	
State School Building Aid of 1956-----	1-5%	1960-1985	100,000,000	-----	25,000,000	75,000,000	
State School Building Aid of 1958-----	3-5%	1961-1987	220,000,000	-----	41,300,000	178,700,000	
State School Building Aid of 1960-----	1/10-5%	1963-1990	300,000,000	-----	36,800,000	263,200,000	
State School Building Aid of 1962-----	1/20-5%	1966-1991	200,000,000	-----	9,600,000	190,400,000	
State School Building Aid of 1964-----	3-5%	1967-1994	260,000,000	\$60,000,000	1,600,000	198,400,000	
State School Building Aid of 1966-----	-----	-----	275,000,000	275,000,000	-----	-----	
State Construction Program Bond Act of 1955-----	3¼-5%	1959-1985	200,000,000	-----	48,200,000	151,800,000	
State Construction Program Bond Act of 1958-----	1/10-5%	1962-1989	200,000,000	-----	30,600,000	169,400,000	
State Construction Program Bond Act of 1962-----	1/20-5%	1965-1991	270,000,000	-----	16,600,000	253,400,000	
State Construction Program Bond Act of 1964-----	3¼-5%	1967-1993	380,000,000	100,000,000	5,800,000	274,200,000	
State Higher Education Construction Program Bond Act of 1966-----	3½-5%	1968-1992	230,000,000	180,000,000	-----	50,000,000	
State Beach, Park, Recreational and Historical Facilities Bond Act of 1964-----	3¼-5%	1967-1987	150,000,000	75,000,000	900,000	74,100,000	
Totals-----	-----	-----	\$3,321,000,000	\$690,000,000	\$451,800,000	\$2,179,200,000	\$77,412
<b>SELF-LIQUIDATING BONDS<sup>2</sup></b>							
California Water Resources Development Bond Act of 1959-----	¾-5%	1973-2017	\$1,750,000,000	\$900,000,000	-----	\$850,000,000	
<b>HARBOR BOND FUNDS</b>							
San Francisco Harbor Improvement of 1909 <sup>3</sup> -----	4%	1951-1985	\$9,000,000	-----	\$6,939,000	\$2,061,000	\$67,668
San Francisco Harbor Improvement of 1913 <sup>4</sup> -----	4%	1955-1089	10,000,000	\$550,000	6,503,000	2,947,000	78,355
San Francisco Harbor Improvement of 1929-----	1½-3¼%	1952-1983	10,000,000	-----	5,370,000	4,630,000	262,083
India Basin of 1909 <sup>5</sup> -----	4%	1941-1985	1,000,000	147,000	610,000	243,000	15,444
Harbor Development of 1958 <sup>6</sup> -----	1-6%	1964-1997	60,000,000	7,500,000	4,190,000	48,310,000	819,930
Totals, Harbor Bond Funds-----	-----	-----	\$90,000,000	\$8,197,000	\$23,612,000	\$58,191,000	\$1,243,480
<b>VETERANS FARM AND HOME BUILDING FUND BONDS</b>							
Veterans Welfare of 1946-----	2-2½%	1949-1971	\$100,000,000	-----	\$85,170,000	\$14,830,000	
Veterans Welfare of 1949-----	1½-4%	1952-1972	100,000,000	-----	74,600,000	25,400,000	
Veterans Welfare of 1951-----	1¾-2½%	1954-1975	150,000,000	-----	93,550,000	56,450,000	
Veterans Welfare of 1954-----	¾-5%	1957-1977	175,000,000	-----	82,900,000	92,100,000	
Veterans Welfare of 1956-----	1-5%	1958-1984	500,000,000	-----	157,400,000	342,600,000	
Veterans Welfare of 1958-----	3¼-5%	1961-1986	300,000,000	-----	55,200,000	244,800,000	
Veterans Welfare of 1960-----	½-5%	1962-1989	400,000,000	-----	52,500,000	347,500,000	
Veterans Welfare of 1962-----	3-5%	1966-1987	250,000,000	\$75,000,000	6,300,000	168,700,000	
Totals, Veterans Farm and Home Building Fund Bonds-----	-----	-----	\$1,975,000,000	\$75,000,000	\$607,620,000	\$1,292,380,000	
TOTALS, SELF-LIQUIDATING BONDS-----	-----	-----	\$3,815,000,000	\$983,197,000	\$631,232,000	\$2,200,571,000	\$1,243,480
TOTALS, ALL BONDS-----	-----	-----	\$7,136,000,000	\$1,673,197,000	\$1,083,032,000	\$4,379,771,000	\$1,320,892
Less: Amounts in Sinking Fund available for payment of principal-----	-----	-----	-----	-----	-----	\$1,320,892	
NET BONDED DEBT-----	-----	-----	-----	-----	-----	\$4,378,450,108	

<sup>1</sup> The school districts of the State of California pay part of the debt service for the state school building aid bond issues.

<sup>2</sup> The revenues derived from the California Water Resource Development Bond Fund, the San Francisco Harbor Improvement Fund, the Small Craft Harbor Improvement Fund, and the Farm and Home Building Fund of 1943 finance the debt service costs that are paid from the General Fund.

<sup>3</sup> Callable on or after July 1, 1951 by lot.

<sup>4</sup> Callable on or after July 2, 1955 by lot.

<sup>5</sup> Callable on or after January 1, 1941 by lot.

<sup>6</sup> Chapter 103, Statutes of 1958, First Extraordinary Session, authorized \$50,000,000 for the development of the San Francisco Harbor, of which \$7,500,000 remain unsold; and also authorized \$10,000,000 for the development of small craft harbors and these bonds have been issued and sold.





**CAPITAL OUTLAY BUDGET  
AND  
FIVE-YEAR CONSTRUCTION PROGRAM**





# Capital Outlay Budget and Five-year Construction Program

## GENERAL ANALYSIS

### SCHEDULES

1. Comparative Statement of Expenditures by Program Function, Organization Unit and Fund.
2. Comparative Statement of Expenditures of Federal Aid Granted to the State of California.
3. Summary of Proposed Expenditures by Method of Appropriation.
4. Comparative Statement of Fixed Charges and Controllable Expenditures.
5. Reconciliation of Changes from Previous Budget Estimates.

### DETAILED BUDGETS AND PROGRAMS





# 1968-69 Capital Budget

## and

# Five-Year Construction Program

The 1968-69 Capital Budget and the Five-Year Construction program covering the budget year, plus four additional years, is presented in this volume. The total recommended expenditures from governmental cost funds for the coming fiscal year are \$481.8 million. Of this amount, expenditures from the General Fund amount to \$90.4 million, and expenditures from special revenue funds make up for the balance of \$391.4 million. Table 1 below summarizes proposed expenditures by major program.

**Table 1**  
**Recommended Expenditures for Capital Outlay by**  
**Major Programs**  
**1968-69 Fiscal Year**  
**(In thousands)**

<i>Program</i>	<i>Governmental cost funds</i>	<i>Bond issues</i>	<i>Total</i>
State Building Program --	\$110,861.5	\$25,803.6	\$136,665.1
District and county fairs --	1,489.5	—	1,489.5
Wildlife conservation ----	1,408.1	1,403.7	2,811.8
Parks and recreation ----	5,935.7	31,290.1	37,225.8
Highways -----	330,320.1	—	330,320.1
Water facilities -----	11,198.8	404,056.5	415,255.3
Other -----	20,578.1	—	20,578.1
<b>Totals -----</b>	<b>\$481,791.8</b>	<b>\$462,553.9</b>	<b>\$944,345.7</b>

So that the capital budget can be viewed in a comprehensive manner, all proposed outlays have been included in the detailed budgets without regard to source of funds. In keeping with accepted principles of governmental accounting, however, expenditures from bond proceeds, other nongovernmental cost funds, loans from state funds, and expenditures from Federal funds and other nonstate sources are excluded from the budget totals.

Projections of all pertinent factors point to a need for investments in capital improvements in this and foreseeable future budgets. Current trends in college enrollments, vehicle registrations, usage of recreational areas, water utilization, and other indices used in planning for physical facilities furnish clear evidence of the necessity for annual outlays of significant amounts based on past utilization standards.

Two key features of the proposed capital outlay program deserve special comment at this time: use of current revenues instead of bond proceeds to finance the bulk of the State Building Program; and provision for continuing financial aid for the construction of community college (junior college) facilities.

It is also important to note that the projected capital outlay requirements of certain agencies are stated in total only. The rigorous reexamination of program priorities initiated last year and the searching investigation of alternative methods of operation have identified several functional areas in which existing planning parameters should be restudied.

Studies of the practicability and economics of establishing additional conservation camps indefinitely when compared to other means of caring for adult prisoners and wards of the Youth Authority; the effect of using helicopters in forest fire suppression on the number and location of fire suppression stations; construction versus rental of Highway Patrol offices; and the impact of probation subsidies, anti-poverty measures, and the draft on commitments to the Youth Authority are examples of the kinds of analyses being undertaken. In situations such as this, projected expenditures beyond the budget period represent the best estimate of probable requirements to present a realistic picture of future cost without commitment to particular projects.

The entire Five-Year Construction Program should be viewed as a tentative plan based on currently approved programs and levels of service, existing standards of space allowances and utilization, and present concepts of how program objectives are to be achieved. When any of these factors change, related adjustments in the capital outlay program must be made.

Included within the totals for capital outlay are certain payments to local government to assist in meeting the costs of constructing beach erosion control works, flood control installations, and juvenile correctional facilities. In each of these instances, expenditures by state agencies for the same purpose are classified as capital outlays. So that expenditures may be reported on a consistent basis and because classification should be determined by objective rather than by the mechanics of disbursement, the programs enumerated above have been transferred from current operations. Continued study of the present classification of expenditures may well pinpoint other programs that would more appropriately be reported as capital outlay.

### STATE BUILDING PROGRAM

The State Building Program encompasses the projected capital outlay requirements for publicly supported higher education, mental health, corrections, and for office space. It also includes the forecast needs of smaller dollar magnitude for such agencies as the Department of Conservation, Department of Public Health, and the Military Department.

The significant characteristics of each principal component of the State Building Program are discussed below.

### HIGHER EDUCATION

Proposed expenditures during 1968-69 for capital outlay for the University of California and the California State Colleges are nearly \$91.5 million—\$53



million from the General Fund and \$38.5 million from the Capital Outlay Fund for Public Higher Education. To simplify appropriation and fund accounting, however, it is proposed to transfer the General Fund's share to the latter fund so that the appropriations will be payable from one source.

#### University of California

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$83,101	\$192,510	\$236,565	\$184,019	\$137,020	\$833,215
44,756	101,450	118,147	95,430	77,222	437,005 a
38,345	91,060	118,418	88,589	59,798	396,210 b

a Capital Outlay Fund for Public Higher Education and unfunded.

b Federal, University overhead, and other nonstate funds.

The last four years of the five-year building program is the University's current estimate of need and does not represent an approved program.

The 1968-69 Capital Outlay Program for the University of California totals \$83,101,103. Of this amount, \$44,756,000 is to be financed from the Capital Outlay Fund for Public Higher Education; \$3,444,000 is from federal funds as reimbursements to state-funded projects; \$5,367,303 is from other federal sources; \$9,288,800 is derived from university overhead funds; and \$20,245,000 is from other nonstate sources.

The total from the Capital Outlay Fund for Public Higher Education and federal grant programs for 1968-69 is \$53,567,303. Following is a breakdown of this total by type of project.

Project	Amount	Percent of total
Equipment	\$8,300,000	15.5
Utilities and site development	8,930,000	16.7
New construction	29,281,970	54.7
Alterations	1,925,333	3.6
Planning and working drawings	3,874,000	7.2
Minor capital outlay	1,256,000	2.3
	\$53,567,303	100

The \$29,281,970 for new construction is divided among the following disciplines or functions:

Discipline or functions	Amount	Percent of total
Natural Sciences	\$5,052,726	17.3
Humanities and Social Sciences	13,079,381	44.7
Fine Arts	1,500,000	5.1
Library	3,313,000	11.3
Medical Sciences	6,336,863	21.6
	\$29,281,970	100

Of the \$53,567,303 from the Capital Outlay Fund for Public Higher Education and federal grant programs, the distribution by campus is as follows:

Campus	Amount	Percent of total
Berkeley	\$1,576,000	2.9
Davis	8,354,726	15.6
Irvine	8,432,900	15.7
Los Angeles	4,147,000	7.7
Riverside	1,105,000	2
San Diego	5,211,000	9.7
Santa Barbara	6,993,481	13
Santa Cruz	5,354,000	10
Medical Schools	10,357,863	19.6
Other	2,035,333	3.8
	\$53,567,303	100

The five-year Capital Outlay Program of the University of California is planned to accommodate a projected enrollment increase from 1968-69 to 1972-73 of 17,362 FTE students during the 3-quarter academic year. An additional 6,181 FTE student enrollment increase for the same period will be handled through

increased utilization in the summer quarter afforded by further implementation of year-round operations.

#### State Colleges

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$78,508	\$172,275	\$151,948	\$94,549	\$59,413	\$556,693
46,739	126,121	95,811	58,952	40,008	367,631 a
31,769	46,154	56,137	35,597	19,405	189,062 b

a Capital Outlay Fund for Public Higher Education and unfunded.

b Federal and other nonstate funds.

The Board of Trustees of the California State Colleges was created by Chapter 49, Statutes of 1960, 1st Extraordinary Session, and on July 1, 1961, took over the powers, duties and functions previously vested in the State Board of Education and the Director of Education relative to the administration of the state colleges. One of the major functions of this board of trustees and its administrative staff is the planning for the 19 physical plants, including the new sites for Dominguez Hills and Kern County. It is anticipated that in the period 1968-69 through 1972-73 the statewide enrollments will rise from 129,180 to 166,500. The five-year Capital Outlay building program estimates the facilities needed to properly provide for this increase of 37,320 FTE.

It should also be noted that the last four years of the five year building program is the state colleges current estimate of need and does not represent an approved program.

In 1968-69 Capital Outlay Program for the State Colleges provides for an expenditure of \$78,508,365; of this total \$46,738,900 is proposed from the Capital Outlay Fund for Public Higher Education, \$17,019,400 anticipated from the Higher Education Facilities Act, Title I; and \$14,750,065 from other nonstate sources.

The total from the Capital Outlay Fund for Public Higher Education and federal grant programs for 1968-69 is \$63,758,300. Following is a breakdown of this total by type of project:

Project	Amount	Percent of Total
Science and engineering facilities	\$12,191,800	19.1
Music, speech, and drama facilities	1,936,200	2.9
General instructional facilities	29,285,300	45.9
Site development and utilities	5,401,000	8.5
Other	8,317,500	13.1
Equipment	4,610,500	7.2
Preliminary plans and general studies	766,000	1.2
Minor capital outlay	1,250,000	2.1
	\$63,758,300	100

#### California Community Colleges

(Junior Colleges)

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$39,111	\$50,000	\$50,000	\$50,000	\$50,000	\$239,111
19,294	23,000	23,000	23,000	23,000	111,294 a
4,000	4,000	4,000	4,000	4,000	20,000 b
15,817	23,000	23,000	23,000	23,000	107,817 c

a State Construction Program Fund and unfunded.

b Federal funds.

c District funds.

The Legislature in 1965 recognizing that pressures generated by rising enrollments, increasing costs and



the great differences in the ability of local junior college districts to provide a well balanced educational program, enacted SB 318, which provided the vehicle for a shared state and local district junior college capital outlay program on a continuing basis.

State Construction Program Bond funds in the amount of \$50 million for the junior colleges were approved in the 1964 general election. Of this amount, \$25,122,000 was appropriated in the 1965-66 Budget subject to the enactment of SB 318. Because of the timing involved, this amount was appropriated to the Department of Education in a lump sum for allocation without legislative review.

In 1966 the junior college capital outlay projects were itemized in the budget for the first time. That budget provided for an appropriation of \$7,955,973 to the Department of Education to be allocated to the junior college districts in accordance with the schedule noted in the detail of that budget.

The balance of State Construction Bond Act funds remaining from the \$50 million in the amount of \$19,617,030, were appropriated for the 1967-68 fiscal year.

Looking forward to the continuing need for state support of a community college capital outlay program, the Legislature enacted during the 1967 General Session, the Junior College Construction Bond Act of 1968 which will be placed on the June 4, 1968 primary ballot to provide \$65,000,000.

The 1968-69 Budget proposes an appropriation of \$19,293,587 from the State Construction Program Fund to the Board of Governors of the California Community Colleges to be allocated to the junior college districts in accordance with the schedule noted in the detail of this budget.

#### Department of Education

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$38	\$180	\$1,689	\$170	\$100	\$2,177 a

a General Fund and unfunded.

The Department of Education administers 5 special schools for handicapped children: 1 for education of the blind, 2 for education of the deaf, and 2 for diagnosis and education for neurologically handicapped children. The 1968-69 budget for the special schools totals \$37,500 with funding proposed from the General Fund. Projects proposed include: 5 minor projects totaling \$17,400 for the School for the Deaf, Berkeley, and 2 minor projects totaling \$20,100 for the School for the Deaf, Riverside.

#### HEALTH AND WELFARE

##### Mental Hygiene

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$4,669	\$19,849	\$39,778	\$20,257	\$14,507	\$99,060
3,716 a	19,849 a	39,778 a	20,257 a	14,507 a	98,107 a
410 b	-	-	-	-	410 b
543 c	-	-	-	-	543 c

a General Fund.

b State Construction Program Fund.

c Federal funds.

The Department of Mental Hygiene's capital outlay program in the budget year totals \$4,669,069. Of this amount \$853,000 is included for the Neuropsychiatric

Institute at the University of California, Los Angeles, for equipment for the mental retardation addition which is scheduled for completion in April 1969. At Metropolitan State Hospital \$395,850 is requested to correct fire and life safety deficiencies in five ward buildings and air condition one 200-bed geriatric ward. Four hundred and ten thousand dollars was appropriated in Item 413(f) of the 1966 Budget Act for master planning, project planning, and partial working drawings for the replacement of Modesto State Hospital. Additional studies of the capacity needs for the mentally ill will be completed before expenditure of these funds. A ventilation system at Fairview State Hospital is scheduled for construction on acute infirm wards D, E, and F at a cost of \$331,795. At Porterville State Hospital 12 buildings are scheduled for air conditioning at an estimated cost of \$1,373,700. Statewide minor projects total \$1,304,724.

Projected five-year needs for this department total \$99 million. This projection includes projects which will provide an upgrading of existing facilities, and the provision of additional facilities of a specialized nature in coping with the problems of mental retardation and mental illness. Significant among these projects is the replacement of Langley Porter Neuropsychiatric Institute, and the development of comprehensive research and training hospital units to be attached to the University of California Medical Schools at Los Angeles, Davis, and San Diego.

The individual proposals in the five-year plan for the fiscal years 1969-70 through 1972-73 represent the Department of Mental Hygiene's current requests. Additional studies will be made prior to the final recommendations.

#### Department of Public Health

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
-	\$450	\$5,675	-	-	\$6,125

An addition to the present laboratory in Berkeley is the only capital outlay project for the Department of Public Health anticipated during the next five years. To relieve overcrowded conditions in the existing laboratory facilities and to provide for anticipated program needs, approximately 34,000 net square feet of laboratory space will be required. In addition, approximately 20,000 net square feet of office space not related to the laboratory function are proposed. The departmental administrative office needs are being reviewed as part of the projected move of certain elements into the office complex in Sacramento if constructed and until this study is completed no further action on additional construction is contemplated. The office space, if expanded, will be designed to allow for future conversion to laboratory space when needed.

#### CORRECTIONS

##### Department of Corrections

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$1,088	\$29,703	\$3,665	\$6,115	\$1,305	\$41,876

The proposed capital outlay expenditures for the Department of Corrections for 1968-69 is \$1,088,429.



The major projects total \$880,000 and include the following projects: \$800,000 for project planning and working drawings for the Medical Correctional Institution; \$80,000 for a dredge at the California Men's Colony—East Facility, to remove accumulated silt and maintain a low silt level in Chorro reservoir.

This budget also proposes \$208,429 for minor capital outlay projects at various institutions.

The total projected five-year construction program for the period 1968-73 is \$41,876,779 in relation to an estimated population increase of 3,778 or an average of 756 inmates per year. By June 30, 1972, an additional 3,766 in bed capacity will have been completed. This projection includes projects to provide additional capacity through construction of new institutions and projects to upgrade and expand existing facilities. The most significant project is the 2,400-bed Medical Correctional Institution near San Diego scheduled for completion in 1971-72.

This building program, however, does not reflect any substantial change in operating programs, although several changes are under active consideration and may affect future projects.

#### *Youth Authority*

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$1,056	\$12,235	\$10,724	\$808	\$158	\$24,981

The 1968-69 proposed capital expenditures for the Department of the Youth Authority totals \$1,055,500. This expenditure program includes funds to equip the Ben Lomond and Pine Grove conservation camps which are now being rebuilt and expanded.

In addition, perimeter security improvements will be undertaken at the Fred C. Nelles School for Boys. A project to enable the Southern California Youth Center complex to tie to the City of Chino's sewage system will be started in anticipation of the construction and completion of the Older Boys Reception Center, the Central Administration Facility and the Medical Psychiatric Institution on that site in the near future.

A project to replace existing unsafe underground steam services will be started at the Preston School of Industry in 1968-69. It will be done in 3 phases, and completed in 1970-71.

Alterations and additions to the detention living unit at the Los Guilucos School for Girls will provide facilities for a special treatment program.

Minor projects included in the total will provide necessary alterations and improvements for existing older institutions.

The total projected 5-year construction program is \$24,980,600. Over half of this amount is shown in the year following the budget year, and 78.7% of the 5-year program consist of new, capacity-adding projects. This results from the deferral of a number of projects which were originally proposed for the budget year, but which were not needed in view of the decline in the commitment rate of juvenile offenders to the Youth Authority.

This decline in the rate of commitments by the courts is due in part to the probation subsidy program and other programs of local assistance which encourage counties to retain delinquent youths in

county-operated facilities; as well as socioeconomic factors. The initial results of these community based programs are encouraging. Recent population figures have indicated that the commitment rate to the Youth Authority has declined. While this is due in part to a number of socioeconomic factors such as full employment, and a high draft rate, it is also due in some measure to the effectiveness of these programs. While new facilities will eventually be needed as California's population continues to increase, the rate at which they will be needed should be much lower than has been true in the past.

### OFFICE BUILDING AND RELATED FACILITIES

#### *General Administration*

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$1,445	\$11,166	\$3,350	\$750	\$450	\$17,161

The capital outlay program for the Department of General Services provides funds for the completion of projects currently under construction, and a limited amount for required alterations, space recovery and minor projects. Currently authorized expenditures for office buildings will be postponed until an economic feasibility study is completed. It is hoped that this study will define criteria which may be used to determine which of the many alternatives available are most appropriate in providing office space.

The five-year program is currently estimated at \$17.2 million but may be adjusted pending the completion of the office space study.

#### *Vehicle Regulation*

Five-Year Program (In thousands)					
1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$7,830	\$5,795	\$3,817	\$3,189	\$2,534	\$23,165

In 1968-69, the Department of the California Highway Patrol will require \$1.7 million and the Department of Motor Vehicles is budgeted at \$6.1 million. The Highway Patrol amount is principally for communication equipment, with \$546,000 proposed for remodeling the Sacramento headquarters.

The Department of Motor Vehicles 1968-69 fiscal year budget includes funds for construction and/or site acquisition for new offices in west Contra Costa County, Daly City, San Mateo, Inglewood, Hayward, Santa Monica, Winnetka, Santa Maria, Monterey, Bellflower, Midway City, Los Gatos, Culver City, Redding, San Leandro and northeast Sacramento.

The Highway Patrol's five-year program totals \$8,716,100, primarily for field offices. Because the economies of construction versus rental depend on the permanence of highway routing, population density, vehicle registrations, transient traffic, and similar factors, specific field office sites cannot be designated at this time. As present leases expire, or the need for a new office is established, analyses to ascertain the most economical approach will be made, and specific recommendations included in future budgets.

The five-year program of the Department of Motor Vehicles is composed principally of office buildings and additional or expanded parking areas. Total expenditures for the 5 years ending June 30, 1973, are \$14,350,300.



## MISCELLANEOUS

### Department of Agriculture

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total
64	1,113	698	25	95	1,995

The 1968-69 capital outlay program for Agriculture consists of one project only, the modification of the Winterhaven inbound inspection facilities to meet freeway type needs for approach and acceleration lanes and lighting.

The total projected five-year construction program of \$1,995,000 includes a liquid petroleum products inspection and testing facility in Sacramento County. The balance of the projects proposed are primarily for replacement of existing facilities either in antiquated condition or improper location due to relocation of highways or freeways.

### State Exposition and Fair Executive Committee

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total Program
\$1,770	-	-	-	-	\$1,770

A new California Exposition and Fair is being built on a 600-acre tract in Sacramento near the American River. The exposition, a unique educational and recreational complex exhibiting California's heritage, agriculture and industry will open in June, 1968.

The major consideration in the capital outlay program of the exposition is the construction of the physical plant. The initial capitalization for this project is from a number of sources including direct appropriations, revenue bonds, proceeds from the sale of the old site and from long term leases on land surrounding the core plan. The total amount currently programmed exceeds \$30 million. Future expansion or program adjustments will be funded by private enterprise which will participate in the project.

### Forestry

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$815	\$1,000	\$1,000	\$1,000	\$1,000	\$4,815

The Division of Forestry operates 235 forest fire stations, 77 lookouts, 15 air attack bases, and 29 conservation camps. The latter are operated in cooperation with the Department of Youth Authority and Corrections.

The 1968-69 budget proposes an expenditure of \$815,000. As the Department of Conservation is currently engaged in a comprehensive appraisal of their fire protection program, each of the last 4 years of the 5-year program reflects a minimum undetailed capital outlay need of \$1,000,000.

### Military Department

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$305	\$3,856	\$580	\$1,089	\$1,291	\$7,121
281	1,780	425	645	722	3,853 a
24	2,076	155	444	569	3,268 b

a General Fund.  
b Federal funds.

This budget provides \$281,435 for the preparation of plans and supervision of construction of federally financed projects and for minor projects. In addition, \$23,250 of federal matching funds are proposed.

Future capital outlay projects for this department depend, to a large extent, on the availability of federal matching funds.

### District Fair Construction

Included in this budget is a total of \$1,489,500 for construction of facilities for district agricultural associations. The detail of these projects will be found in the budget supplement containing the budgets of the individual fairs.

### Parks and Recreation

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$38,092	\$7,671	\$18,655	\$5,500	\$5,500	\$75,418

The Department of Parks and Recreation has been successful in reducing the \$100 million backlog of recreational acquisition and development projects which existed in the 1966-67 fiscal year. This backlog should be completely eliminated by the end of the 1968-69 fiscal year. This large program of recreational land acquisition and development was made possible largely by the State Beach, Park, Recreational and Historical Facilities Bond Act of 1964.

New funding in the 1968-69 fiscal year budget totals \$7.8 million and will be used primarily for recreational development. The bulk of the \$38 million shown above for 1968-69 is part of the backlog mentioned and is for land acquisition.

Total recreational needs over the next five years could cost \$75 million if the state's park development program continues as currently planned. This estimate includes funds for recreational development around units of the State Water Project, historical development and restoration, and facility development in other units of the State Park System.

### Wildlife Conservation

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$4,201	\$2,273	\$1,505	\$1,310	\$1,730	\$11,019

The proposed 1968-69 capital outlay expenditure for the Wildlife Conservation Program is \$4,200,938. This program for the protection, propagation, and management of the state's fish and wildlife resources is administered by the Department of Fish and Game and the Wildlife Conservation Board. Proposed expenditures in the budget year for the Department of Fish and Game of \$649,000 include boat replacements, and an aircraft for the patrol operation. The Wildlife Conservation Board proposes to spend \$3.6 million in 1968-69 for continuation of the program providing new hunting and fishing access, game and fish habitat development, and fish hatchery stocking projects. In addition, the Mad River Hatchery will be constructed to provide additional salmon and steelhead trout for the state's anglers. Of the Wildlife Conservation Board proposal, \$1.4 million will be financed by federal funds.



The five-year program proposed expenditures of \$11,019,438 to continue replacements of patrol boats, office facilities, and additional fish hatchery facilities related to the fish and wildlife enhancement program of the Department of Fish and Game, and the Wildlife Conservation Board.

### Highways

Streets and Highways Code Section 143.1 and 143.2 govern the preparation and presentation of the Budget of the Division of Highways. Under the provisions of these statutes, the budget as approved by the Highway Commission must be included in the Governor's Budget without change.

For the 1968-69 fiscal year, the Highway Commission has approved a capital budget calling for expenditures of \$330.3 million from state funds plus \$426.1 million from federal funds. Additional multilane freeways, widening and realignment, reconstruction to present day standards, and traffic distribution structures are typical of the projects included. In terms of total dollars expended, the major effort will continue to be devoted to completion of the state's 2,165-mile system of interstate and defense highways.

### California Water Facilities

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$415,255	\$381,513	\$239,815	\$155,845	\$135,437	\$1,327,865

As the State Water Project enters its seventh year of construction, work under contract or completed represents approximately 75 percent of the total project. The Oroville Dam embankment, the keystone of the entire project, was completed in November of 1967 and is currently storing water towards its ultimate 3,500,000 acre-feet capacity. A contract has been executed with three private utilities for the sale of power to be generated at the Oroville and Thermalito power plants. \$16,150,000 will be paid annually by the utility companies to the state, which revenue will support the issuance of revenue bonds planned for this spring.

The increase in State Water Project expenditures, experienced annually since the start of construction is expected to peak in 1968-69 and subsequent years will reflect a gradual lowering in the level of expenditures as facilities are completed and the project reaches operational capability.

Major construction emphasis during 1968-69 will be located in and near the Tehachapi mountains and Southern California with land acquisition activity concentrated in the southern half of the state.

### Other Capital Outlay Programs

#### Beach Erosion Control

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$221	\$250	\$250	\$250	\$250	\$1,221

Beach erosion control in California is the responsibility of the Department of Water Resources in accordance with Sections 330 to 339 of the Water Code. These sections were amended by Chapter 108, Statutes of 1967. In past years the state provided an

advance for the federal share of the cost of beach erosion control projects pending a federal appropriation. The new legislation, however, provides that with one exception, the Orange County project between Anaheim Bay and Newport Bay, federal appropriations for the project shall be required before state funds can be expended.

In 1968-69, continuing work is proposed on the Orange County project mentioned above. The only other project scheduled is at Doheny Beach, also in Orange County.

#### Flood Control

#### Five-Year Program (In thousands)

1968-69	1969-70	1970-71	1971-72	1972-73	Total
\$18,908	\$17,000	\$17,000	\$17,000	\$17,000	\$86,908

Within the flood control program, the state assumes the cost of acquisition of rights-of-way and necessary relocations required by the construction of authorized federal flood control projects which have been adopted and approved by the Legislature. Three major categories of projects are administered by the Department of Water Resources and a fourth is under the jurisdiction of the State Reclamation Board.

Within the Department of Water Resources' categories it is expected that some carryover of funds from 1967-68 will result from project delays. The lump sum appropriation proposed from the budget year includes funds for delayed expenditures and also allows for expenditure timing adjustments in 1968-69.

This program was transferred to capital outlay from the local assistance budget to reflect a more appropriate relationship of functions performed.

### Methods of Financing

The sources from which the capital outlay budget is funded are described below:

1. Current revenues and any accumulated balances in governmental cost funds. These are moneys collected in the form of taxes, license and permit fees, interest on investments, and similar items of income.
2. The proceeds from the sale of general obligation bonds which bonds are secured by the "full faith and credit" of the state. Outstanding bonds of this kind are (a) State Construction Program bonds, and (b) State Beach, Park, Recreational, and Historical Facilities bonds. The repayment of principal and interest on such indebtedness constitutes a preferred claim on the financial resources of the state. Within this classification falls a special category referred to as "self-liquidating" bonds. Bonds in this category are the California Water Resources development bonds. In the case of this special grouping, such bonds although legally possessed by the characteristics of general obligation bonds are serviced from the revenues produced by the ventures or projects financed in this manner.
3. Revenue bonds are those that are secured solely by the income derived from the use or operation of the facilities funded by this method.
4. Trust certificates represent a form of capital financing which makes use of the large balances accumulated in trust accounts or funds of the

state. Because such funds are dedicated to meet future obligations, sound fiscal management dictates the investment of the currently unneeded cash in these accounts and funds. One way of investing these moneys is by the purchase of trust certificates issued by the state for the construction of general purpose office buildings.

5. Direct loans authorized by the Legislature from the accumulated balances in certain special funds and other dedicated moneys in the treasury which are surplus to immediate future disbursements.
6. Nonstate funds such as endowments, grants, and certain other funds as payments of overhead charges on research projects conducted by the

University represent yet another source of capital financing.

To provide a complete and comprehensive picture of the state's capital outlay program all proposed projects are included in the capital budget regardless of the source of financing.

Following the generally accepted principles of governmental accounting, however, only expenditures from governmental cost funds are included in the budget totals. Expenditures from bond proceeds and other forms of borrowing are excluded—such expenditures are reported as expenditures of the fiscal years in which the payments on principal and interest are made.



**Schedule 1 — Capital Outlay**

**COMPARATIVE STATEMENT OF EXPENDITURES BY PROGRAM, FUNCTION, ORGANIZATION UNIT AND FUND  
FOR FISCAL YEARS 1966-67, 1967-68, AND 1968-69**

Page Ref- er- ence	Organization Unit	Actual 1966-67				Estimated 1967-68				Estimated 1968-69			
		General Fund	Special Funds	Total	Bond Funds <sup>d</sup>	General Fund	Special Funds	Total	Bond Funds <sup>d</sup>	General Fund	Special Funds	Total	Bond Funds <sup>d</sup>
	<b>STATE BUILDING PROGRAM</b>												
	<b>Legislative:</b>												
1	Joint Committee on Legislative Organization.....	\$49,951		\$49,951									
	<b>Executive:</b>												
1	California Disaster Office.....	59,953		59,953				\$18,303					
	<b>General Administration:</b>												
3	Department of General Services.....	2,153,792		2,153,792	\$341,039	2,170,758		2,170,758	\$327,595	\$1,444,721		\$1,444,721	
3	State Exposition and Fair Executive Committee.....	2,792,582		2,792,582		7,304,206		a\$5,172,902 b(12,653,908)			a\$1,445,250 b(325,000)	a\$1,445,250 b(325,000)	
3	State Exposition and Fair Executive Committee.....												
	<b>Totals, General Administration.....</b>	\$4,946,374		\$4,946,374 (420,878)	\$341,039	\$9,474,964		\$5,172,902 (12,653,908)	\$327,595	\$1,444,721	\$1,445,250 (325,000)	\$2,889,971 (325,000)	
	<b>Agriculture:</b>												
9	Department of Agriculture.....	\$31,888		\$31,888	\$12,001	\$90,087		\$90,087		\$64,000		\$64,000	
9	Department of Agriculture.....												
9	Museum of Science and Industry.....	-17,062		e(\$4,575) d70,936	53,874	133,095		e(122,744) d194,455					
	<b>Totals, Agriculture.....</b>	\$14,826	\$70,936 (4,575)	\$85,762 (4,575)	\$12,001	\$223,182	\$194,455 (122,744)	\$417,637 (122,744)		\$64,000		\$64,000	
	<b>Corrections:</b>												
13	Department of Corrections:												
13	California Conservation Center.....	\$8,088		\$8,088	\$41,269 4,446	\$2,308		\$2,308	\$30,718	\$1,250		\$1,250	
13	Sierra Conservation Center.....					14,500		14,500	2,400				
13	Southern Conservation Center.....	46,488		46,488		18,200		18,200	466,462	69,460		69,460	
13	Correctional Institution at Tehachapi.....	15,436		15,436	576,741	37,950		37,950	765,000	20,068		20,068	
13	Correctional Training Facility.....	405,829		405,829		15,081		15,081	13,580	24,008		24,008	
13	Deuel Vocational Institution.....	107,019		107,019	14,582	270,959		270,959	8,000	8,000		8,000	
13	State Prison at Folsom.....	126,578		126,578		151,245		151,245	389,500	13,213		13,213	
13	Institution for Men.....	253,379		253,379	29,000	82,674		82,674	52,679	800,000		800,000	
13	Medical Correctional Institution.....				841,201					8,670		8,670	
13	Medical Facility.....	3,248		3,248	160,043	19,140		19,140		90,825		90,825	
13	Men's Colony—East Facility.....	2,236		2,236		11,710		11,710		8,745		8,745	
13	Men's Colony—West Facility.....	6,692		6,692		14,889		14,889					
13	Special Security Facility.....				25,415					14,128		14,128	
13	State Prison at San Quentin.....	379,607		379,607	25,065	333,638		333,638	27,556	30,082		30,082	
13	Institution for Women.....	54,403		54,403	20,077	62,748		62,748					
13	Rehabilitation Center.....	104,636		104,636		1,375		1,375					
	<b>Totals, Department of Corrections.....</b>	\$1,513,639		\$1,513,639	\$1,737,839	\$1,026,467		\$1,026,467	\$1,747,595	\$1,088,429		\$1,088,429	

<sup>1</sup> From State Construction Program Fund unless otherwise indicated—not included in overall budget totals.  
<sup>a</sup> From the State Fair Fund.  
<sup>b</sup> From the Public Building Construction Fund—not included in overall budget totals.  
<sup>c</sup> From the Department of Agriculture Building Fund—not included in overall budget totals.  
<sup>d</sup> From the California Museum of Science and Industry Fund.

**Schedule 1 — Capital Outlay. COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Page Ref- er- ence	Organization Unit	Actual 1966-67				Estimated 1967-68				Estimated 1968-69			
		General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	General Fund	Special Funds	Total	Bond Funds <sup>1</sup>
STATE BUILDING PROGRAM—Continued													
Corrections—Continued													
33	Department of the Youth Authority: Departmental Administration.....	\$455,150		\$455,150		\$475,741		\$475,741		\$158,500		\$158,500	
33	Northern California Reception Center and Clinic.....	7,710		7,710									
33	Southern California Reception Center and Clinic.....	19,290		19,290		1,729		1,729					
33	Youth Authority Conservation Camps for Boys	821		821	\$284	1		1		132,000		132,000	
33	Friest Ranch School for Boys.....	91,446		91,446	42,785	2,000		2,000	\$469,546				
33	Fred C. Nelles School for Boys.....	94,670		94,670	—5,068	91,600		91,000	101,194	150,000		150,000	
33	Northern California Youth Center.....				685,625				681,077				
33	Southern California Youth Center.....				512,000				10,822,100	185,000		185,000	
33	Paso Robles School for Boys.....	11,037		11,037		3,103		3,103		250,000		250,000	
33	Preston School of Industry.....	2,994		2,994		127		127		180,000		180,000	
33	Youth Training School.....	551		551		9,600		9,600	107,620				
33	Los Guillicos School for Girls.....				97,123				145,948				
33	Ventura School for Girls.....	—2,319		—2,319									
	Totals, Department of the Youth Authority.....	\$681,350		\$681,350	\$1,332,759	\$583,901		\$583,901	\$12,327,485	\$1,055,500		\$1,055,500	
	Totals, Corrections.....	\$2,194,989		\$2,194,989	\$3,070,598	\$1,610,308		\$1,610,308	\$14,075,380	\$2,143,929		\$2,143,929	
Education:													
50	Department of Education: Special Schools for the Physically Handicapped: School for the Blind.....	\$58,100		\$58,100		\$3,000		\$3,000					
50	Diagnostic School for Neurologically Handi- capped Children, Northern California.....	5,910		5,910		28,300		28,300					
50	School for the Deaf, Berkeley.....	45,148		45,148		55,100		55,100		\$17,400		\$17,400	
50	School for the Deaf, Riverside.....	17,122		17,122		12,500		12,500		20,100		20,100	
	Totals, Education.....	\$126,280		\$126,280		\$98,900		\$98,900		\$37,500		\$37,500	
Higher Education:													
	Augmentation for Higher Education Capital Outlay.....												
55	University of California.....									\$53,000,000		\$53,000,000	
58	University of California.....	\$1,371,630		\$1,371,630	\$65,314,200			\$2,419,738	\$56,558,156			\$44,756,000	
58	State Colleges: Trustees of the California State Colleges.....												
102	Chico State College.....	144,643		144,643	1,214,355	71,897		71,897	14,126,544			2,010,000	
102	State College, Dominguez Hills.....				555,111				9,592,670			5,402,900	
102	Fresno State College.....	78,907		78,907	10,609,461	47,993		10,278	7,630,652			2,131,700	
102	State College at Fullerton.....	—771		—771	1,180,430	14,782		158,211	2,512,021			1,733,500	
102								134,560	6,968,665			8,150,200	

<sup>1</sup> From State Construction Program Fund unless otherwise indicated—not included in overall budget totals.  
<sup>e</sup> From Capital Outlay Fund for Public Higher Education.  
<sup>f</sup> From University Plant Funds and nonstate funds—not included in overall budget totals.



# **Schedule 1 — Capital Outlay. COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Page Ref- er- ence	Organization Unit	Actual 1966-67				Estimated 1967-68				Estimated 1968-69			
		General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	General Fund	Special Funds	Total	Bond Funds <sup>1</sup>
STATE BUILDING PROGRAM—Continued													
Higher Education—Continued													
102	State Colleges—Continued												
103	State College at Hayward	\$37,321		\$37,321	\$5,703,208	\$1,088	\$102,608	\$104,206	\$3,033,032		\$11,127,200	\$11,127,200	
103	Humboldt State College	54,010		54,010	1,031,461	74,651	89,048	163,699	3,867,072		\$1,574,200	1,574,200	
103	State College in Kern County				2,500				379,500		\$759,600	759,600	
103	State College at Long Beach	149,668		149,668	479,876	57,804	\$110,544	166,438	8,529,839		\$3,493,200	3,493,200	
103	State College at Los Angeles	55,567		55,567	6,675,606	15,539	\$25,398	43,037	21,032,467		\$424,600	424,600	
103	Sacramento State College	70,511		70,511	770,107	8,069	\$55,578	63,667	6,167,624		\$3,518,500	3,518,500	
103	State College at San Bernardino	103,402		103,402	2,007,198	27,138	\$90,628	117,966	5,591,130		\$1,159,100	1,159,100	
104	San Diego State College	230,132		230,132	1,166,088	47,137	\$81,068	126,225	9,967,529		\$780,100	780,100	
104	San Fernando Valley State College	36,113		36,113	744,322	7,499	\$146,048	155,547	1,576,185				
104	San Francisco State College	—133,008		—133,008	347,533	36,042	\$117,638	153,680	10,056,422		\$87,200	87,200	
104	San Jose State College	36,552		36,552	929,626	471	\$244,777	245,248	14,566,400		\$369,600	369,600	
104	Sonoma State College	32,282		32,282	2,543,521	11,128	\$62,037	73,165	5,319,661		\$439,100	439,100	
104	Stanislaus State College	32,791		32,791	766,380	14,408	\$10,277	24,665	2,206,753				
	State Polytechnic College—Kellogg Voorhis Campus	31,726		31,726	1,026,640	18,753	\$76,478	95,231	3,736,636		\$3,262,200	3,262,200	
105	State Polytechnic College—San Luis Obispo Campus	77,889		77,889	1,772,908	2,204	\$76,637	78,841	4,061,773		\$210,000	210,000	
Totals, State Colleges		\$1,036,855		\$1,036,855	\$40,992,051	\$457,283	\$1,584,466 a (\$45,070,249)	\$2,041,749 a (\$45,070,249)	\$140,960,875		\$46,738,900 a (\$14,750,065)	\$46,738,900 a (\$14,750,065)	
171	Maritime Academy	33,519		33,519		7,500		7,500	24,091,667	\$96,525		96,525	\$19,293,587
172	Community College Capital Outlay				9,379,129								
Totals, Higher Education		\$2,442,004		\$2,442,004	\$115,065,380	\$464,783	\$4,004,204 (\$73,657,489)	\$4,468,987 (\$73,657,489)	\$221,800,698	\$53,096,525	\$36,404,900 (\$44,293,865)	\$91,591,425 (\$44,293,865)	\$19,293,587
179	Department of Employment												
179	Department of Employment (Reed Act)												
Fiscal Affairs:													
182	Department of Finance	\$2,464,339		\$2,464,339		\$4,150,133		\$4,150,133		\$300,000		\$300,000	
182	Division of State Lands	1,000		1,000		52,400		52,400					
Totals, Fiscal Affairs		\$2,465,339		\$2,465,339		\$4,202,533		\$4,202,533		\$300,000		\$300,000	
Health and Welfare:													
183	Department of Mental Hygiene	\$1,360,659		\$1,360,659	\$5,744,706	\$3,001,541		\$3,001,541	\$4,986,065	\$3,716,069		\$3,716,069	\$410,000
200	Department of Public Health					—92,900		—92,900					
	Department of Rehabilitation:												
200	Orientation Center for the Blind					2,500		2,500		1,150		1,150	
Totals, Health and Welfare		\$1,360,659		\$1,360,659	\$5,744,706	\$2,911,141		\$2,911,141	\$4,986,065	\$3,717,219		\$3,717,219	\$410,000
Military Affairs:													
202	Military Department	\$323,368		\$323,368		\$222,337		\$222,337		\$261,435		\$261,435	

1 From State Construction Program unless otherwise indicated—not included in overall budget totals.

a From Capital Outlay Fund for Public Higher Education.

b From nonstate funds—not included in overall budget totals.

c From Department of Employment Contingent Fund.

i From Unemployment Trust Funds—not included in overall budget totals.

# Schedule 1 — Capital Outlay. COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1966-67				Estimated 1967-68				Estimated 1968-69			
		General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	General Fund	Special Funds	Total	Bond Funds <sup>1</sup>
	STATE BUILDING PROGRAM—Continued												
	Regulation and Licensing:												
	Department of Professional and Vocational Standards		1(\$14,132)	1(\$14,132)				1(\$5,018)			1(\$147,910)	1(\$147,910)	
205													
	Resources:												
	Department of Conservation	\$1,682,925		\$1,682,925	\$1,813,413	\$621,250		\$621,250	\$861,956	\$815,000		\$815,000	
206													
213	Department of Water Resources	9,338		9,338		12,800		12,800		55,000		55,000	
	Totals, Resources	\$1,692,263		\$1,692,263	\$1,813,413	\$634,050		\$634,050	\$861,956	\$870,000		\$870,000	
	Transportation:												
	Department of the California Highway Patrol		\$2,187,644	\$2,187,644				\$1,529,787			\$1,716,118	\$1,716,118	
214			\$2,029,146	\$2,029,146				\$5,022,375			\$6,114,408	\$6,114,408	
214	Department of Motor Vehicles												
	Totals, Transportation		\$4,216,790	\$4,216,790				\$6,552,162			\$7,830,526	\$7,830,526	
	Veterans Affairs:												
	Veterans' Home of California	\$73,066		\$73,066	\$22,238	\$138,057		\$135,067	\$507,900	\$29,600		\$29,600	
220													
	Unallocated:												
	Project Planning	\$536,600		\$536,600		\$329,478		\$329,478		\$300,000		\$300,000	\$100,000
222					\$28,633				\$78,320				6,000,000
222	Increased Cost of Construction					981,798		981,798	3,965,631	1,000,000		1,000,000	
222	Miscellaneous Repairs, Improvements and Equipment					50,000		50,000		60,000		50,000	
222	Interest on loans from General Fund				165,835								
	Totals, Unallocated	\$536,600		\$536,600	\$194,468	\$1,361,276		\$1,361,276	\$4,043,551	\$1,350,000		\$1,350,000	\$6,100,000
	TOTALS, STATE BUILDING PROGRAM	\$16,325,692	\$3,915,361	\$20,241,053	\$126,883,843	\$21,359,894	\$15,740,092	\$37,099,986	\$216,406,945	\$63,334,929	\$47,526,563	\$110,861,492	\$25,803,587
			<sup>2</sup> (40,584,874)	<sup>2</sup> (40,584,874)			<sup>2</sup> (86,089,931)	<sup>2</sup> (86,089,931)			<sup>2</sup> (44,399,012)	<sup>2</sup> (44,399,012)	
	State Construction Program Fund <sup>2</sup>												\$25,705,537
	State Beach, Park, Recreational and Historical Facilities Fund <sup>2</sup>												100,000
	DISTRICT FAIR CONSTRUCTION PROGRAM												
	Agriculture:												
	District Agricultural Associations	\$1,903,415	\$1,679,108	\$3,582,523		\$57,538	\$3,354,560	\$3,412,098			\$1,489,500	\$1,489,500	
228													

<sup>1</sup> From State Construction Program Fund unless otherwise indicated—not included in overall budget totals.

<sup>2</sup> Bond funds and all amounts in parentheses are not included in overall budget totals.

<sup>3</sup> From the State Beach, Park, Recreational and Historical Facilities Fund—not included in overall budget totals.

<sup>4</sup> From the Professional and Vocational Standards Fund—not included in overall budget totals.

<sup>5</sup> From the Motor Vehicle Fund.

<sup>6</sup> From the Fair and Exposition Fund.



# Schedule 1 — Capital Outlay. COMPARATIVE STATEMENT OF EXPENDITURES—Continued

Page Ref- er- ence	Organization Unit	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
		General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	Total	Special Funds	General Fund	Bond Funds <sup>1</sup>	Total
233	STATE HIGHWAY PROGRAM Transportation Agency: Department of Public Works: Division of Highways		m\$344,753,806 n(20,147,011)	m\$344,753,806 n(20,147,011)		m\$470,013,689 n(34,573,709)	m\$330,320,149		m\$330,320,149	
310 311	WILDLIFE CONSERVATION PROGRAM Resources: Department of Fish and Game Wildlife Conservation Board		e\$42,807 p675,403	e\$42,807 p675,403		e\$2,886,828 p745,000	e\$49,100 p759,000		e\$49,100 p759,000	
	Totals, Wildlife Conservation Program		\$915,210	\$915,210	\$1,505,615	\$3,631,828	\$1,408,100		\$1,408,100	\$1,408,708
316 317 317	PARKS AND RECREATION ACQUISITION AND DEVELOPMENT PROGRAM Resources: Department of Harbors and Watercraft Department of Parks and Recreation: State Park and Recreation Commission State Park and Recreation Commission									
334 334	CALIFORNIA WATER FACILITIES PROGRAM Resources: Department of Water Resources Department of Water Resources									
340 340	OTHER CAPITAL OUTLAY PROGRAMS Corrections: Construction of Juvenile Homes and Camps Resources: Flood Control Department of Water Resources Reclamation Board									
	Totals, Flood Control									

<sup>1</sup> From State Construction Program Fund unless otherwise indicated—not included in overall budget totals.  
<sup>a</sup> From the State Beach, Park, Recreational and Historical Facilities Fund—not included in overall budget totals.  
<sup>m</sup> From the State Highway Fund.  
<sup>n</sup> For State Highway purposes from other funds—not included in overall budget totals.  
<sup>p</sup> From the Fish and Game Preservation Fund.  
<sup>q</sup> From the Wildlife Restoration Fund.  
<sup>r</sup> From the Harbors and Watercraft Revolving Fund—not included in overall budget totals.  
<sup>s</sup> From the Motor Vehicle Transportation Tax Fund.  
<sup>t</sup> From the California Water Fund.  
<sup>u</sup> From the Central Valley Water Project Construction Fund—not included in overall budget totals.  
<sup>v</sup> From the California Water Resources Development Bond Fund—not included in overall budget totals.

**Schedule 1 — Capital Outlay. COMPARATIVE STATEMENT OF EXPENDITURES—Continued**

Organization Unit	Page Ref- er- ence	Actual 1966-67				Estimated 1967-68				Estimated 1968-69			
		General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	General Fund	Special Funds	Total	Bond Funds <sup>1</sup>	General Fund	Special Funds	Total	Bond Funds <sup>1</sup>
OTHER CAPITAL OUTLAY PROGRAMS—Continued													
Resources—Continued													
Beach Erosion Control.....	314	\$84,975		\$84,975		\$115,500		\$115,500		\$220,900		\$220,900	
Totals, Other Capital Outlay Programs.....		\$19,609,042		\$19,609,042		\$16,253,785		\$16,253,785		\$20,578,055		\$20,578,055	
TOTALS, CAPITAL OUTLAY.....		\$48,515,839	\$360,671,691 2(61,463,055)	\$409,187,530 2(61,463,055)	\$502,619,330	\$39,519,144	\$503,830,207 2(120,741,110)	\$543,349,351 2(120,741,110)	\$639,728,764	\$90,402,220	\$391,389,632 2(45,550,162)	\$481,791,852 2(45,550,162)	\$462,553,898
State Construction Program Fund <sup>2</sup> .....					126,854,210				246,382,635				25,703,637
Central Valley Water Project Construction Fund <sup>2</sup> .....					10,507,326				76,076,144				266,566,714
California Water Resources Development Bond Fund <sup>2</sup> .....					\$42,960,700				291,381,903				137,699,785
State Beach, Park, Recreational and Historical Facilities Fund <sup>2</sup> .....					\$2,508,094				25,992,092				\$2,793,812

<sup>1</sup> From State Construction Program Fund unless otherwise indicated—not included in overall budget totals.

<sup>2</sup> Bond funds and all amounts in parentheses are not included in overall budget totals.



# Schedule 2—Capital Outlay

## COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA FOR THE FISCAL YEARS 1966-67, 1967-68, AND 1968-69

Function	Page reference	Actual 1966-67	Estimated 1967-68	Estimated 1968-69
<b>STATE BUILDING PROGRAM</b>				
<b>EXECUTIVE:</b>				
Disaster Office				
Minor Projects.....	1	\$59,446	\$18,499	
<b>EDUCATION:</b>				
Department of Education				
Schools for the Physically Handicapped				
School for Deaf, Berkeley				
Federal Vocational Education Act.....	50	\$48,650	\$48,600	
School for Deaf, Riverside				
Federal Vocational Education Act.....	50	9,000		
Totals, Education.....		\$57,650	\$48,600	
<b>HIGHER EDUCATION:</b>				
University of California.....	58	\$15,157,472	\$20,956,529	\$8,811,303
State Colleges:				
Trustees of the California State Colleges.....	105		29,829,219	17,019,400
Community College Capital Outlay.....	172	6,953,420	4,800,000	4,000,000
Totals, Higher Education.....		\$22,110,892	\$55,585,748	\$29,830,703
<b>EMPLOYMENT:</b>				
Department of Employment				
Construction.....	179	\$1,808,200		
Recovery of Capital Expenditures through rent.....	179	-399,591	-\$352,228	-\$357,763
Totals, Department of Employment.....		\$1,408,609	-\$352,228	-\$357,763
<b>HEALTH AND WELFARE:</b>				
Department of Mental Hygiene				
Neuropsychiatric Institutes				
Neuropsychiatric Institute at University of California, Los Angeles.....	183	\$3,754,835		\$543,000
Department of Public Health				
Cancer Research Facility, Berkeley.....	200		\$92,900	
Department of Rehabilitation				
Orientation Center for the Blind.....	200		7,500	3,450
Totals, Health and Welfare.....		\$3,754,835	\$100,400	\$546,450
<b>MILITARY AFFAIRS:</b>				
Military Department				
Construction of Armories.....	202		\$33,400	\$23,250
Facilities for maintenance and care of federal equipment.....	202	<sup>b</sup> (\$105,655)	<sup>b</sup> (1,141,996)	<sup>b</sup> (1,188,700)
<b>RESOURCES:</b>				
Department of Conservation				
Division of Forestry.....	206	\$146,732	\$490,076	
Totals, State Building Program.....		\$27,538,164 <sup>b</sup> (105,655)	\$55,924,495 <sup>b</sup> (1,141,996)	\$30,042,640 <sup>b</sup> (1,188,700)
<b>STATE HIGHWAY PROGRAM</b>				
<b>TRANSPORTATION:</b>				
Department of Public Works				
Division of Highways.....	233	\$343,602,795	\$408,207,701	\$417,595,542
<b>WILDLIFE CONSERVATION PROGRAM</b>				
Wildlife Conservation Board				
Land and Water Conservation Fund Act.....	311	\$308,617		\$389,130
Anadromous Fish Act.....	311			1,000,000
Totals, Wildlife Conservation Program.....		\$308,617		\$1,389,130

<sup>b</sup> Federal Funds not included in overall budget totals and not reported in detail budget schedules and not summarized in the Reconciliation with Appropriations.

**Schedule 2—Capital Outlay. COMPARATIVE STATEMENT OF EXPENDITURES OF FEDERAL AID GRANTED TO THE STATE OF CALIFORNIA FOR THE FISCAL YEARS 1966-67, 1967-68 AND 1968-69—Continued**

Function	Page refer- ence	Actual 1966-67	Estimated 1967-68	Estimated 1968-69
<b>PARKS AND RECREATION ACQUISITION AND DEVELOPMENT PROGRAM</b>				
Department of Parks and Recreation				
San Luis Project.....	317		\$2,284,390	
Land and Water Conservation Fund Act.....	317		1,500,000	
Totals, Parks and Recreation Acquisition and Development Program.....			\$3,784,390	
<b>CALIFORNIA WATER FACILITIES PROGRAM</b>				
Department of Water Resources				
Flood Control—Oroville Dam Project.....	337	\$12,236,534	\$13,261,150	\$8,352,140
<b>OTHER CAPITAL OUTLAY PROGRAMS</b>				
Resources				
Beach Erosion Control.....	345	\$226,050	\$469,000	\$871,000
TOTALS, CAPITAL OUTLAY ( <i>Federal Funds</i> ).....		\$383,912,160 b (105,655)	\$481,646,736 b (1,141,996)	\$458,250,452 b (1,188,700)

<sup>b</sup> Federal Funds not included in overall budget totals and not reported in detail budget schedules and not summarized in the Reconciliation with Appropriations.



**Schedule 3—Capital Outlay**  
**SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1968-69**

Function	Proposed Budget Act of 1968			Fixed Charges		Prior Year Appropriations, Continuing Appropriations and Reappropriations				Total Expenditure
	General Fund	Special Funds	Total	Bond Fund <sup>a</sup>		Special Funds	General Fund	Special Funds	Bond Fund <sup>a</sup>	
STATE BUILDING PROGRAM										
General Administration:										
Department of General Services	\$1,444,721		\$1,444,721		\$1,445,250					\$2,889,971
State Fair and Exposition								b (\$325,000)		
Agriculture:										
Department of Agriculture	64,000		64,000							64,000
Corrections:										
Department of Corrections	1,088,429		1,088,429							1,088,429
Department of the Youth Authority	1,055,500		1,055,500							1,055,500
Education:										
School for the Deaf, Berkeley	17,400		17,400							17,400
School for the Deaf, Riverside	20,100		20,100							20,100
Higher Education:										
Augmentation of Higher Education Capital Outlay	53,000,000	e \$53,000,000								
University of California		e44,756,000	44,756,000					d (29,533,800)		44,756,000
Trustees of the California State Colleges		e46,738,900	46,738,900					e (14,750,065)		46,738,900
California Maritime Academy	96,525		96,525							96,525
Junior College Construction					\$19,293,587					
Employment:										
Department of Employment		f-244,113	f-244,113							-244,113
Unemployment Trust Fund (Reed Act)		g(-357,763)	g(-357,763)							
Fiscal Affairs:										
Department of Finance							\$300,000			300,000
Health and Welfare:										
Department of Mental Hygiene	3,716,069		3,716,069							3,716,069
Department of Rehabilitation	1,150		1,150							1,150
Military Affairs:										
Military Department	281,435		281,435							281,435
Regulation and Licensing:										
Department of Professional and Vocational Standards		h(147,910)	h(147,910)							

<sup>a</sup> From State Construction Program Fund unless otherwise indicated—not included in overall budget totals.

<sup>b</sup> From Public Building Construction Fund—not included in overall budget totals.

<sup>c</sup> From Capital Outlay Fund for Public Higher Education.

<sup>d</sup> From University and plant funds—not included in overall budget totals.

<sup>e</sup> From State College Funds—not included in overall budget totals.

<sup>f</sup> From Department of Employment Contingent Funds.

<sup>g</sup> From Unemployment Trust Fund (Reed Act)—not included in overall budget totals.

<sup>h</sup> From Department of Professional and Vocational Standards Fund—not included in overall budget totals.

<sup>i</sup> From the State Fair Fund.

**Schedule 3—SUMMARY OF PROPOSED EXPENDITURES BY METHOD OF APPROPRIATION FOR THE FISCAL YEAR 1968—69—Continued**

Function	Proposed Budget Act of 1968				Fixed Charges		Prior Year Appropriations, Continuing Appropriations and Reappropriations				Total Expenditure
	General Fund	Special Funds	Total	Bond Fund*	Special Funds	Bond Funds*	General Fund	Special Funds	Total	Bond Fund*	
<b>STATE BUILDING PROGRAM—Continued</b>											
Resources:											
Department of Conservation.....	\$815,000		\$815,000								\$815,000
Department of Water Resources.....	55,000		55,000								55,000
<b>Transportation:</b>											
Department of the California Highway Patrol.....		\$1,716,118	1,716,118								1,716,118
Department of Motor Vehicles.....		10,114,408	10,114,408								10,114,408
<b>Veterans Affairs:</b>											
Veterans' Home of California.....	29,600		29,600								29,600
<b>Unallocated:</b>											
Project Planning.....	300,000		300,000	\$100,000							300,000
Increased Cost of Construction.....	1,000,000		1,000,000	3,000,000						\$3,000,000	1,000,000
Miscellaneous Repairs, Improvements and Equipment.....	50,000		50,000								50,000
<b>TOTALS, STATE BUILDING PROGRAM.....</b>	<b>\$83,034,920</b>	<b>\$46,081,313</b>	<b>\$109,116,242</b>	<b>\$22,393,587</b>	<b>\$1,445,250</b>		<b>\$300,000</b>	<b>(\$4,608,865)</b>	<b>\$300,000</b>	<b>\$3,410,000</b>	<b>\$110,801,492</b>
<i>General Fund.....</i>											<i>63,534,929</i>
<i>Special Funds.....</i>											<i>47,588,563</i>
<i>State Construction Program Fund.....</i>											<i>(22,293,587)</i>
<i>State Beach, Park, Recreational and Historical Facilities Fund.....</i>											<i>(100,000)</i>
<b>DISTRICT FAIR CONSTRUCTION PROGRAM</b>											
Agriculture:											
District Agricultural Associations.....					\$1,480,500						\$1,480,500
<b>STATE HIGHWAY PROGRAM</b>											
Transportation Agency:											
Division of Highways.....					\$327,820,149			\$2,500,000	\$2,500,000		\$330,320,149
<b>WILDLIFE CONSERVATION PROGRAM</b>											
Resources:											
Department of Fish and Game.....		\$040,100	\$040,100								\$040,100
Wildlife Conservation Board.....				\$1,397,130	\$759,000					\$50,578	759,000

\* From State Construction Program Fund unless otherwise indicated—not included in overall budget totals.  
 † From Motor Vehicle Fund.  
 ‡ From State Beach, Park, Recreational and Historical Facilities Fund—not included in overall budget totals.  
 § From State Fair and Exposition Fund.  
 ¶ From State Highway Fund.  
 ⌘ From Fish and Game Preservation Fund.





# Schedule 4—Capital Outlay

## COMPARATIVE STATEMENT OF FIXED CHARGES AND CONTROLLABLE EXPENDITURES FOR THE FISCAL YEARS 1966-67, 1967-68, AND 1968-69

Purpose and Legal Citation	Actual 1966-67			Estimated 1967-68			Estimated 1968-69		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>FIXED BY STATUTES:</b>									
General Administration:									
State Exposition and Fair									
Section 3454, Agricultural Code.....								\$1,445,250	\$1,445,250
<b>Agriculture:</b>									
District Agricultural Associations									
Section 19630, Business and Professions Code and Section 4002, Agricultural Code.....		\$1,337,587	\$1,337,587						
<b>Transportation Agency:</b>									
Department of Public Works									
Section 183, Streets and Highways Code.....		344,126,820	344,126,820					1,489,500	1,489,500
<b>Resources:</b>									
Wildlife Conservation Board									
Section 1352, Fish and Game Code.....		675,403	675,403					759,000	759,000
<b>TOTALS, FIXED CHARGES.....</b>		\$346,139,910	\$346,139,910		\$478,280,172	\$478,280,172		\$331,513,899	\$331,513,899
<b>CONTROLLABLE EXPENDITURES</b>									
Expenditures from appropriations and authorizations which are subject to legislative or executive determinations, including Budget Act appropriations, special appropriations, balances available in prior year appropriations made available for expenditure for more than one fiscal year, and deficiency authorizations.									
<b>TOTALS, CONTROLLABLE EXPENDITURES.....</b>	\$48,515,839	\$14,531,781	\$63,047,620	\$39,519,144	\$25,550,035	\$65,069,179	\$90,402,220	\$59,875,733	\$150,277,953
<b>TOTALS, CAPITAL OUTLAY.....</b>	\$48,515,839	\$350,671,691	\$409,187,530	\$39,519,144	\$503,830,207	\$543,349,351	\$90,402,220	\$391,389,632	\$481,791,852



**Schedule 5—Capital Outlay (Financed by the General Fund and Special Funds)**  
**EXPENDITURES FOR THE 1966-67 AND 1967-68 FISCAL YEARS—RECONCILIATION OF THE CHANGES FROM PREVIOUS BUDGET ESTIMATES**

	1966-67 Fiscal Year			1967-68 Fiscal Year								
	1967-68 Governor's Budget Estimated Expenditures	Savings	1968-69 Governor's Budget Actual	1967-68 Budget as Submitted	Effect of Legislative Action	Total Proposed Expenditures	Prior Year Balance Forward Adjustments	Transfers	Allocations	Deficiency Appropriations	Estimated Savings	Estimated Expenditures
GENERAL FUND	\$50,000	— \$49	\$49,951	—	—	—	\$49	— \$49	—	—	—	\$18,303
	78,402	— 18,449	59,953	—	—	—	18,303	—	—	—	—	9,474,964
	8,510,289	— 3,563,915	4,946,374	\$1,300,506	\$150,000	\$1,450,506	9,093,671	— 13,702	—	—	— \$1,069,213	280,720
	2,417,071	— 498,830	1,918,241	35,810	—	35,810	453,067	— 92,475	—	—	— 194,465	1,610,368
	2,619,494	— 424,506	2,194,989	1,248,405	—	1,248,406	474,391	— 21,582	\$33,700	—	— 53,654	96,900
	147,422	— 21,142	126,280	98,900	—	98,900	21,582	— 3,000	—	—	—	464,783
	2,902,470	— 460,466	2,442,004	7,500	—	7,500	458,455	—	1,828	—	—	4,202,533
	5,491,717	— 4,006,378	2,485,339	—	—	—	4,502,533	—	—	—	—	2,911,141
	1,727,418	— 346,759	1,380,659	1,082,195	700,000	2,382,195	519,296	—	110,600	—	— 200,950	222,337
	349,127	— 25,739	323,388	192,230	10,350	202,580	19,757	—	51,661	—	— 10,017,381	18,735,762
	34,263,213	— 2,284,218	31,978,995	18,010,889	460,800	18,471,689	11,130,158	— 10,365	—	—	—	138,057
	190,800	— 117,734	73,066	58,920	—	58,920	79,137	—	—	—	—	1,361,276
	689,215	— 152,515	536,600	400,000	— 50,000	350,000	28,119	142,057	— 158,728	—	999,828	\$39,619,144
\$60,436,638	— \$11,920,799	\$48,515,839	\$23,035,366	\$1,271,150	\$24,306,506	\$26,898,518	\$884	\$49,001	—	— \$11,735,825		
SPECIAL FUNDS												
	\$8,300,000	— \$8,300,000	—	\$5,200,000	—	\$5,200,000	—	—	—	—	— \$27,098	\$6,172,902
	3,913,001	— 2,162,957	\$1,750,044	1,270,000	—	1,270,000	\$2,270,015	—	—	—	—	3,540,015
	— 318,101	— 54,264	— 372,366	— 219,256	—	— 219,256	30,000	—	—	—	5,625	— 183,631
	—	—	—	3,180,304	\$823,900	4,004,204	—	—	—	—	—	4,004,204
	13,001,480	— 2,768,064	10,233,416	13,238,460	300,000	13,538,450	4,222,370	—	—	—	— 3,061,951	14,721,866
463,566,297	— 114,595,701	348,970,596	313,484,845	— 2,019,120	311,465,725	114,102,624	—	\$50,497,502	—	500,000	476,555,851	
	\$488,552,677	— \$127,880,986	\$360,671,691	\$336,163,343	— \$895,220	\$335,268,123	\$120,625,009	\$23,000	\$50,497,502	—	— \$2,583,427	\$603,830,207
	\$548,989,315	— \$139,801,785	\$409,187,530	\$359,198,699	\$375,930	\$359,574,629	\$147,523,527	\$23,884	\$50,646,563	—	— \$14,319,252	\$643,349,351





